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### Global tourism chains and local development in the Amazon

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**Global tourism chains  
and local development in the Amazon:  
Implications for community wellbeing**

GERMÁN IGNACIO OCHOA ZULUAGA

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**Global tourism chains  
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Implications for community wellbeing**

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## Acronyms

ACITAM	Asociación de Cabildos Indígenas del Trapecio Amazónico
AZCAITA	Asociación Zonal de Consejo de Autoridades Indígenas de Tradición Autóctona
ATICOYA	Asociación de Resguardos Tikuna, Cocama, Yagua
DAFEC	Departamento Administrativo de Fomento Ecoturístico
DANE	Departamento Nacional de Estadística
IIAP	Instituto de Investigaciones en la Amazonia peruana
MINCIT	Ministerio de Comercio Industria y Turismo
MAVDT	Ministerio de Ambiente, Vivienda y Desarrollo Territorial
PNNA	Parque Nacional Natural Amacayacu (Amacayacu National Park)
SENA	Servicio Nacional de Aprendizaje
UAESPNN	Unidad Administrativa Especial del Sistema Parques Nacionales Naturales de Colombia
WTO, UNWTO	World Tourism Organization



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# 1

## Introduction

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## **1.1 Research problem**

One of the characteristics which makes tourism one of the fastest growing global economic sectors is the quick and effective way it engages countries, destinations and local communities in its activities.

Regions like the Amazon, which were traditionally seen as marginal to the world economic system, have not been exempted from the expansion of tourism and the Amazon is ever more linked to what has come to be called the international division of tourism production (Nowak et al., 2009). Environmental, cultural, and historical resources comprise its main potential attractions, and the Amazon has become a viable option in the dynamic market of ecotourism. However, the sustained increase of visitors to the Amazon has not led to an improvement in the conditions of the life of the Amazonian peoples, nor to the well-being of the native communities, because they have obtained poor returns from tourism industry (Baca, 1982; Chaumeil, 1984; Seiler-Baldinger, 1988). When these populations are linked to global tourism they find themselves immersed in capitalist commercial relations under conditions of inequality that leave them with a smaller share of the resulting revenues and a weaker role in decision-making. This was also the case with a number of enterprises devoted to the extraction of natural resources that have integrated the region into the world economic system for the past hundred years (Domínguez and Gómez, 1990). These characteristics have determined the nature of the tourism product in the region as well as the power relationships in the sector. Other weaknesses are the absence of medium- and long-term strategies, the inadequate infrastructure for and low frequency of international flights, a population largely unprepared for the consequences of tourism development, meagre information about the region, a climate unsuitable for many tourist activities, and ignorance about the target markets.

It is from this panorama that emerges the central question of this study. How can we analyse global tourism development in peripheral regions to ensure that local populations improve their well-being, given a context of strong power relations and a high dependence on external agents?

## **1.2 Justification and scope of the study**

Academics and researchers have shown that one of the main characteristics of contemporary tourism is that production, commercialization, and consumption are scattered all over the world, organising local communities, producers and traders, multinational firms and foreign consumers around a specific product or service. More and more analyses have therefore been including inter- and multi-disciplinary approaches, going beyond the simplistic view of tourism as a superficial or passing phenomenon, or a predetermined factor of cultural degradation. If one considers, for

a moment, the itinerary of an average middle-class European tourist who travels to a remote 'exotic' destination – for example, Sub-Saharan Africa or the Amazon jungle – no one enquires into his or her long plane journey or the night they spend in an urban hotel. Instead, people are mainly interested in asking about the experience *in situ*: whether the climate was hot or humid; encounters with the animals, plants, and of course, the interchange with local cultures.

This shift implies also a change in the power relations between different actors in the tourism value chain, and in particular a more significant role for local populations, who not only have the ability to exert their own agency, but who are increasingly claiming 'ownership' of the resources tourists come to see. This becomes particularly significant for indigenous populations who were previously unable to exert control over extractive processes related to commodities. Value can no longer simply be extracted from under their feet – it requires their (active) collaboration in the production of experiences. From an experience production point of view, the Amazon is also a key case study because of the unification of local populations and nature, and therefore of culture and nature.

The international expansion of tourism to nearly every region of the world has ceased being controversial in itself. States and academics have chosen to treat it as a social and economic fact of life that must be accepted and analyzed in a critical way to minimize its impacts and strengthen its benefits. This is more evident in those regions or countries where tourism is one of the few alternatives for generating economic growth.

This study offers a combined perspective on tourism: first it suggests an innovative way to analyse tourism development in peripheral regions and second it also evaluates the structure and dynamics of tourism production as an international industry affecting a specific region. This allows us to take global influences into account, not only in analysing the way that the industry is structured, but also by questioning predominant discourses about the development and conservation of specific regions, which often employ a 'top-down' standpoint, which ignore the voices of local actors. Such a multidimensional analysis is important in increasing our understanding of how the different actors in the tourism system, both local and global, contribute to tourism development.

We aim to shed light on the implications of the internationalization of tourism in peripheral regions, with special reference to the Amazon. Unlike many previous studies and that see tourism as a tool for the gradual incorporation both local populations and regions into the global system, we will argue that tourism in the Amazon was a globalized phenomenon from the start. In contrast to the expectations of the critics of tourism development, the indigenous people of the Amazon have not only participated in tourism since its beginning, but also today a majority of the communities have expressed an interest in linking themselves to the sector. Tourism

therefore cannot be analysed without a discussion about globalization and the historical development of the region. Nonetheless, given that Amazonian populations face limited options for earning an income, due to the isolation and marginality of the region compared to the centres of power; the local exhaustion of some species of plants and animals; the region's unsuitability for large-scale agriculture; the limited size of the market; and the increasing migration to cities, tourism appears as one of the most important sources of income for the region. These conditions also generate a range of contrasting views on the role of tourism in peripheral destinations, and the argument made here is that the study of tourism development in such regions and the prospects for improving it depend greatly on the perspective of the analysis.

The nature of the tourism sector as a service industry which promotes social interchange is different from the extractive industries that are mainly based on the exportation of specific commodities. The different possibilities offered by tourism for the empowerment of local populations, could mark a turning point in the development of the Amazon region. The study of tourism in the Amazon represents an important case to understand current patterns of development in peripheral regions globally.

### **1.3 Objectives**

The general objective of this study is to analyse the power relationships in tourism development in peripheral destinations in order to assess the prospects for improving the situation of the local actors.

Specific objectives

1. To elaborate a methodological and theoretical framework for analysing the structure and dynamics of the tourism industry.
2. To assess the effects of control, coordination and the influences of the political context on the structure and dynamics of the tourism sector.
3. To assess the influence of institutions and the social changes caused by tourism on indigenous communities, and how such influences affect their prospects for improvement.
4. To formulate recommendations at the research and policy levels that might increase the beneficial effects of tourism for local communities.

### **1.4 Theoretical approach**

During the past forty years the study of tourism has witnessed the application of a broad range of frameworks demonstrating that international tourism is no longer a simple matter of tourists crossing borders. These approaches have analysed the complex

productive and distributive process of tourism on a world level (Smith, 1994; Judd, 2006; Buhalis, 2000); the power of transnational companies (Britton, 1982; Ascher, 1985; Monreal, 2002; Mosedale, 2006); its importance as a powerful instrument for cultural exchange (Richards, 2009) as well for improvement the conditions of local communities (Spenceley, 2010), and the socio-political implications of its development (Tosun, 2000; Bramwell, 2011), among others.

In this study we argue that the understanding of tourism development in peripheral regions might be improved by approaches that combine the analysis of power dependent relationships between central and peripheral regions with the responses of local populations. We start from the understanding that tourism is a highly imperfect market and due to its highly globalized nature, one finds enormous disparities among the regions, enterprises, and people involved in it. One of these perspectives is that of Global Commodity Chains (Gereffi and Korzeniewicz, 1994) or Global Value Chains (Bair, 2005). The researchers of global chains have emphasized that markets are influenced by agents external to them. They have also focused attention on the productive processes developed as well as on the interrelations among multiple agents in different geographical locations. We argue that value chain analysis is useful for analysing the power relationships underlying the construction of tourism products as well as the performance of tourism agents in peripheral regions. However, the complex nature of tourism industry merits some adjustments to the approach. The nature of the tourism experience and the co-creation of tourism experiences require information from all the different actors in the chain (tourists, local populations, tourism suppliers) in order to analyse how value is produced and distributed. In the incorporation of these specificities in the methodological framework, we also realized that value chains approach can be improved by timely theoretical and methodological advances generated from several disciplines.

## 1.5 Methodological overview

In this section we present the methodological sequence and the methods for compiling information which enable us to reach the objectives of the study. The operational scheme of the study is shown in Table 1.1. The *first objective* is to suggest a methodological framework from tourism in peripheral destinations. We review the different perspectives about tourism development in remote regions. Then, we justify the use of global value chains approach (chapter 3). Here we clarify the nature of the tourism product as the final experience consumed in the destination. We define the tourist package as our study object and evaluate the processes carried out by each agent in the production of the package, highlighting their role in the process of aggregating value. The tourist package includes the services incorporated

**Table 1.1: Research questions scheme**

Objective	Research question	Method
1. To elaborate a methodological and theoretical framework for analysing the structure and dynamics of tourism industry in the Amazon.	1. To what extent may the analysis of peripheral tourism benefit from the insights of several approaches? <i>Question 1</i>	Desk research. Review of the bibliography. Discussion of approaches to tourism development.
	2. What methodological adjustments to the approaches should be made to get a more precise analysis of tourism? <i>Question 1</i>	Deductive method, desk work. Comparison between chains of physical products with tourism. Definition of the product
2. To assess the effects of control, coordination and the influences of the political context on the structure and dynamics of tourism.	3. How has control been used to incorporate nature and the native populations in the definition of the final product? <i>Question 2</i>	Identification of agents and processes. Review of historical patterns of the development in the Amazon Fieldwork. Semi-structured interviews with local and external agents.
	4. To what extent does the market concentration of transnational companies amount to an obstacle – or an advantage – for local companies? <i>Question 2</i>	Differentiation between control and coordination Fieldwork. Interviews with market agents and institutional agents. Review of government documents.
	5. How do national and international policies affect the imperfections of the market? <i>Question 2</i>	Review of the bibliography Fieldwork, interviews with National Parks officials, and employees of hotels and travel agencies; review of government documents.
3. To assess the influence of the institutions and the changes caused by tourism in the indigenous populations, taking their prospects for improvement into account.	6. How do the indigenous communities participate in international tourism and what social changes does this cause? <i>Question 3</i>	Field work in indigenous communities. Participatory observation, focus groups, semi-structured interviews.
	7. How do formal or informal institutions influence the possibilities and prospects for social and economic improvement? <i>Question 3</i>	Discussion of the concepts of the community and institutions. Field work in the communities: Participant observation, interviews with indigenous leaders, elders, and artisans, and a review of documents.
4. To formulate recommendations at the research and policy levels that might increase the beneficial effects of tourism for local communities.	8. What actions can the agents, who participate in the market and those who are outside of it, implement to improve the performance of the sector and increase tourism's benefits on local levels? <i>Question 4</i>	Synthesis and evaluation of the information arising from questions 2 to 8. Reflect back on the research process.

into the final product, such as the use of ecosystems and the participation of local populations. The differences between goods and services are analysed as a central point of the discussion. We call attention to the strong role that demand plays in tourism development, and therefore the importance of the control the consumer has

in the tourism system. On the basis of these reflections we formulate three theoretical and methodological adjustments to the traditional value chain approach, which are applied in subsequent chapters.

In order to apply the methodology developed in chapter 3, Chapters 5, 6, and 7 relate to the *second objective*, constructing a tourism value chain model in the Colombian Amazon. We elaborate a chronology to explain the changes in tourism over time and current configuration of control in the value chain. An evaluation of the effects of the driving force is based on a clarification of the difference between control and coordination. In order to enhance the comprehension of these aspects, we introduce a new category of ‘diversified coordination’ that is recommended as an analytical tool for studying tourism development involving indigenous populations. In chapter 6, we analyse the role of the transnational Decameron hotel company in the Amazon. In this case study we also evaluate the policy of ecotourism Concessions or reserves in a context of the deterioration of the environmental policy of the country during the last 15 years.

To achieve the *third objective* we begin by defining institutions as the ways of doing things (North, 1990) and highlighting the importance of the continuity of institutional functions, especially for the coordination between indigenous populations and the other agents in the chain. The empirical analysis focuses specifically on one indigenous community and is complemented by information compiled in three more communities.

We emphasize the kind and nature of the linkages that those populations have with tourism and their effects in the sharing out of tourism benefits. These matters are covered in chapter 7. The *fourth objective*, corresponding to chapter 8 reflects on the results of the empirical research by highlighting the theoretical and practical contributions of the study to the field, and the lessons derived from the research process.

## 1.6 Structure of the thesis

This thesis is made up of eight chapters. Following this introduction, in chapter 2 we discuss two perspectives of analysis of tourism development in peripheral regions. In chapter 3 we introduce the Global Value Chains approach and formulate three theoretical-methodological adjustments to it in order to improve the analysis of tourism. In chapter 4 we present the field context and the methodology. Chapters 5, 6, and 7 are devoted to the empirical application of the perspective suggested.

Chapter 5 shows the strong influence of national-level policies on the structure of control of the chain, insofar as they have helped to consolidate a hotel as the lead firm. Here we introduce the diversified coordination as a new category for the analysis. In chapter 6 we analyse the global structure and strategies used by a lead firm

to control the chain, and evaluate the influences of the policies through the evaluation of Concession of tourism service in the Amacayacu National Park. This chapter provides useful findings for evaluating the implications of transnational tourism corporations in remote places. In chapter 7 we discuss the role of the indigenous people and their institutions in the dynamic of tourism chain. From the indigenous standpoint, the alternatives for improvement or upgrading do not necessarily coincide with those expected by the external actors. Chapter 8 concludes the thesis, outlining the contribution of the research to the field of tourism development in peripheral areas and to the development of tools for analysing the tourism value chain and the roles of different actors in the chain. Finally, recommendations for further work in the areas of policy and research are outlined.

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# 2

## Conceptual framework for tourism in peripheral regions

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## 2.1 Introduction

The objective of this chapter is to present a review of how the expansion of tourism to the periphery or remote destinations has been studied through time. In section 2.2 we examine how the periphery has been conceptualized from different viewpoints. Sections 2.3 and 2.4 discuss two contrasting ways to understand the expansion of tourism to the periphery regions. In section 2.5 we present the conclusions.

## 2.2 The debate about peripheral tourism

The term 'periphery' can refer to uninhabited places or sparsely populated areas, rural regions and also wilderness areas, principally places situated at a distance from heavily populated areas. The position of a place in relation to the core cities and regions or 'centre' can also determine to a great degree its peripheral character. Peripheral areas can be delimited on a global scale or in specific communities, countries and continents (Chaperon and Bramwell. 2013) For example, for those indigenous cultures whose ancestral place of origin is at the center of their world, the periphery could be a place beyond their lived world, which might seem 'central' to others. The discussion about periphery and remote places therefore has distinguishing aspects depending on: Availability of wealth and services, access, geographical location and perceptions amongst others, and therefore the meaning of periphery depends on the context (Miller and Jansson 2006). Hall (2007) presents several features of peripheral regions that strongly influence the development of tourism: These areas are geographically remote from mass markets; they tend to lack effective political and economic control over major decisions affecting their well-being; tend to have weaker economic linkages than core regions; peripheral regions tend to be the source of migration to the core; there is a lack of innovation and most of new products tend to be imported; the national State may play a relative interventionist role than in core areas; the flow of information is weaker from the periphery to the core; and the periphery normally presents high aesthetic amenity values due to its relatively low degree of development (2007:25). Although the periphery could entail an idea of 'lack of something', some peripheral regions also have strong images making them very attractive.

In the following sections we present a synthesis of how we have analyzed peripheral tourism in relation to conventional tourism. The suggested grouping is based on previous classifications of conventional tourism approaches and of the periphery (Ritchie et al., 2005; Pereiro, 2012; Harrison, 2011; Buckley, 2012). Ritchie et al. (2005: 3) suggest the classification of two tendencies, one that sees tourism as an activity susceptible to being planned, managed, negotiated and associated with the category of tourism management, whereas the other sees tourism as a social

phenomenon (tourism studies). This brings to the fore the question: What is the social significance of tourism for different societies? Based on these classifications we can say that the relationship between conventional tourism and peripheral tourism can be viewed from two main perspectives: the studies that analyze tourism as a factor of economic development and those that see it as a possibility for social interaction (Ángel 2003). So as not to be repetitive with the previous classifications, in the following review we will emphasize the methodological aspects of both approaches, the principle concepts of which will be evaluated throughout this dissertation.

## 2.3 Tourism as an economic driver

In the consolidation of tourism at an international level and with the first indications of the saturation of some conventional markets, it would seem that the next step would be its expansion to peripheral areas. While the central countries have presented tourism as a powerful force through which the countries of the periphery could achieve development, the underdeveloped countries at the same time perceived it as a way of generating income, attracting capital and economic independence (Britton, 1982).

The concept of development, with all its institutional apparatus had been consolidated after the Second World War, but this also implied concepts of poverty and under- development (Escobar, 1996) The idea was created that there were some countries ahead and others lagging behind on a kind of developmental path on which some had progressed more and others had to catch up. Mass tourism began to expand to the periphery in this context. Considered in terms of capitalist development and a growing neo-liberal economy, criticisms were soon to be heard (Harrison, 2011).

The development discourse emanating from core countries was initially contested by the center-periphery theory. Britton (1982) states that the *centre-periphery* disparities, found both within the periphery and in non-capitalist economies, have been the main factors in the implantation of international tourism in the developing world. He called attention to the role given to this activity in developing countries as an alternative form of development, noting that tourism is a system dominated by metropolitan capitalist enterprises and that the destination countries have little control over it.

Other authors suggested that the spread and expansion of global tourism towards the periphery was a mechanism framed in the beginnings of colonialism, post-colonialism or even as a form of imperialism (Nash, 1989) or perpetuation of dependence (Cordero, 2003). The native population of the new destinations is represented by the dominant tourist agencies under post-colonial ideologies that expect (demand) their authenticity (Coronado, 2014). Cordero (2003) emphasises resource allocation and states that the structure of power revolves around the fact

that the central countries run the parts of tourism activity which bring the greatest profits, while the poor countries assume the risks of production. Because of this, historical factors play a large role in the analysis of the incorporation of peripheral regions into the global economy. From the 1960s onwards the development debate was also influenced by the serious environmental and social problems that emerged at a global level, which have provoked an increase in criticism of development. As a result of this, important international events were organized which resulted in what has been perhaps the most important summit on environment and development: The Earth Summit in Rio 1992. In that event it was made clear that the problems of development cannot be separated from its environmental and cultural implications. At that summit the concept of sustainable development announced by the Brundtland Commission in 1987 was amply debated. The label 'sustainable' was then rapidly applied to tourism. The debate about the sustainability of tourism also revealed the power relationships underlying global tourism, as the 'north' was seen to be imposing its view of sustainability onto the global 'south', limiting its options for future development.

The study of power relationships among regions as well as the agents involved has therefore become a main focus in the analysis of international tourism. Power was evaluated from a wide range of perspectives, from the discursive to the more managerial. Since the 1980s, a number of authors have stressed that the power of the Transnational Tourism Corporations (Britton, 1982; Ascher, 1985) has to do with designing parameters to exercise a strong control over their suppliers (Monreal, 2002; Higgins, 1996) and on the distribution of profits among the agents. This is the case of tour operators in Europe, among whom there is a strong trend towards vertical integration (Dale, 2000), evidenced by the establishment of their own travel agencies, airlines, hotels, and tourist centers (Theuvsen, 2004: 475). The main advantage of the big tour operators is that they work in a segment with high barriers to entry (Cordero, 2003) and are privileged by a twin positioning: they stand between the purveyors of main components, on the one hand, and between those suppliers and the clients, on the other. The increased internationalization of the industry makes more and more difficult for local agents to compete.

Many authors evaluated how international tourism is marked by the mechanisms of control applied by transnational companies throughout the productive process, including integration processes and the creation of entrance barriers (Medina et al., 2003; Bastakis et al., 2004; Buhalis, 2000; Perić, 2006; Karamustafa, 2000; Dale, 2000; Kusluvan and Karamustafa, 2001, Appelman et al., 2002). International tourism has a structure that favours particular agents assuming power, exerting control over others, capturing most of the revenues and running the process of adding value (Buhalis, 2000; Kusluvan and Karamustafa, 2001; Dale, 2000; Monreal, 2002). Other control mechanisms of international tour operators are: the pressure

on prices (Buhalis, 2000; Karamustafa, 2000; Mosedale, 2006), operating costs and profits margins (Medina et al., 2003); the determination of the characteristics and facilities provided by the hotels (Buhalis, 2000; Karamustafa, 2000), influences on their installations and the specifications of the product (Monreal, 2002; Bastakis et al., 2004; Dinica, 2009); and the establishment of standards for products and promotional activities. Through such control mechanisms the lead firm is able to impose codes of conduct and disseminate their corporate values and culture. Control has a strong impact on the sharing out of revenues among agents. Estimates made on the basis of travel itineraries confirm that the business is basically concentrated on three categories of agents: tour operators, airlines and hotels. The degree of concentration of value in these agents may range from 68% (Subramanian et al., 2006) to 75% (Mitchell and Faal, 2008).

Some authors also questioned the expected benefits from tourism at an economic level. Jiménez (2009) sets forth the hypothesis that transnational companies do not necessarily transfer wealth and, on the contrary, externalize the costs and privatize the benefits. Contreras (2011) states that political influences have shaped the distribution of revenues in tourism due to the adoption of neo-liberal policies, which opened the way for the profitable entry of foreign capital into peripheral markets in the 1980s.

In her introduction to a special issue of *Latin American Perspectives* devoted to the impacts of tourism in Latin America, Wilson (2008a), working from the standpoint of political economy, reviews the literature on the economic, political, social, cultural and environmental effects of tourism in the host countries. She points out that the net revenues of the receptor countries are low, due to the presence of important leakages, the need to pay for an adequate infrastructure and other imported goods, the strong competition between the countries of destination and the seasonal nature and low quality of the employment which is created. Socio-economic polarization, the 'demonstration effect' of the display of tourist luxury, and the appropriation of important resources for tourism (land, water, beaches, etc.) create negative political effects such as outmigration and prostitution. The tourists' demand for cultural goods and services has other negative impacts. The pressure on ecological resources often exceeds the capacity of the receptor regions to conserve them. Many of these aspects are confirmed by other articles in the same special issue of *Latin American Perspectives* (Cabezas, 2008; Wilson, 2008b; Swords and Mize, 2008).

Another way in which the power of transnational companies is analysed is through the control they exert over the consumer. Much of the evidence for this comes from the analysis of tourism packages (Mosedale, 2006). The control exerted through packages lies in the high volumes of demand they can handle; the capacity they have to direct the flows of tourists to different destinations; and the design

of standardized products that create economies of scale (Buhalis, 2000; Monreal, 2002; Guzmán et al., 2008). The more integrated the tourism package is, the smaller will be the benefits for receptor companies and economies (Bastakis et al., 2004). In destinations to which the only access is by air – as in the Amazon – vertical integration has a strong impact on the addition of value (Mosedale, 2006).

A more moderate position is found in studies from the standpoint of inter-organizational relations. According to Medina et al. (2003) the measurement of control reveals that the tour operators exert a control of middling strength. The level of control may vary in accordance with aspects like nationality, the products offered and the size of the tour operators. The conclusion is that the measurement of control is useful for agents, the local hotels and the tour operators. It helps the former to improve their relationships with the others and the latter to implement new aspects of control or improve the control exerted by aspects already in existence. Barham et al. (2007) suggests that the power of some international tour operators is relative and not that strong, mainly due to their size, nature and the weaknesses which they share with companies at the destinations.

From the above it can be said that the interrelations in tourism are more complex than those suggested by the proponents of dependency theory (Mosedale, 2006). The ambivalence about the impacts and benefits has also marked a good part of the debate of the role of tourism in developing countries. The criticisms of the hegemonic position of transnational companies and their impacts have clashed with testimonies of local agents who say that without these companies, there would have been no possibilities for the development of tourism (Mitchell and Faal, 2008; Erkuş and Terhorst, 2010; Subramanian et al., 2006; Kolbe, 2007). In refuting the idea that the leakages of money from tourism at the destination are very high, Sandbrook (2010) states that while the percentage of income that stays in the hands of the local populations may be small, it is higher than their earnings from any other source of income.

A different perspective emerged with the proposal of sustainability after the summit in Rio in 1992. Sustainable tourism offered the opportunity to incorporate environmental and social aspects into the development of the tourism sector, seen previously chiefly from an economic point of view. Tourism studies have subsequently begun to take into account the impact, the responses and the indicators of sustainable approaches (Buckley, 2012). A wide range of methodological tools such as environmental economics, material flow analysis and life cycle assessment among others, have also been proposed or adapted in order to apply the concept. In less than 20 years there has been a great deal of effort to understand, assess and put sustainable tourism into practice.

In the same way sustainable tourism has become an object of rigorous observation and scrutiny (Buckley, 2012; Sharpley, 2009; Duim, 2005). One of

the main criticisms relates to the origins of the concept. In the framework of an international as well as a powerful institutional/political ambit, sustainable tourism is, in general terms, aligned with the concept of sustainable development and therefore defined by fundamentals that are external to tourism (Buckley, 2012). Mowforth and Munt (2003) argue that the sustainability debates revolve around two basic questions: sustainability of what and for whom? However it would be unreal to expect tourism as a global industry to have attained sustainability only 20 years after it having been formulated. Nowadays, and it is expected for years to come, there is a gap between the concept of sustainable tourism as a development philosophy and its application in practice.

One problem is that sustainability is often reduced to economic or environmental sustainability, narrowing its scope. Through the environmental dimension the idea of sustainability was also rapidly associated with another powerful concept: conservation. As western proposals, both conservation and sustainable development were also criticized as contemporary discourses (Mowforth and Munt, 2003), which have a strong, global political background and have been transmitted top-down to local populations by the technicians of development (Escobar, 1995).

The power of environmentalism proposing the preservation of nature can lead to the autonomy of social groups being seen as an “antisocial value” (Sachs, quoted in Mowforth and Munt, 2003). The discussion of conservation could be seen as a form of imperialism applied at a local level. The creation of national parks in response to global pressures of environmentalists becomes self-defeating when these parks are financed through the installation of luxury hotels after expelling the populations rooted in the territory (Slob and Wilde, 2006) by grabbing their lands (Ojeda, 2011). The promise of increased income may lead to the discarding of environmental protection (Higgins-Desbiolles, 2011) or the evasion of labor regulation in the destinations when legislation is weak or not put into practice, thus allowing people to avoid or bend certain regulations (Sinclair, 1992). Environmental policies may also make the implementation of business ventures more costly and leave the country at a disadvantage relative to competing destinations (Sharma and Christie, 2010).

This analysis shows that tourism in the periphery is organized, directed, commercialized, promoted, planned and controlled from outside, not by the locals. But it is also true to say that peripheral tourism is also studied from outside. Many authors have analysed the expansion of tourism using the interpretive models developed for the extractive economies in which the supply of resources from the south permitted a growth of wealth in the north. However, the structure of tourism is based on the movement of the consumer towards the producers and experiences in the destination, and not in exportation of merchandise, and therefore does not fit traditional models based on commodity extraction or the movement of goods. This new system of global tourism apparently promoted development, but only from the



point of view of dominant control. Much of the growth in tourism in the periphery was promoted because of the saturation of markets in the core countries, and new markets were needed to sustain tourism growth.

According to Mowforth and Munt (2003) the power lies not only be within industry but is also practised by international institutions through the concepts of sustainability and conservation. Without a specific context which includes an understanding of the livelihoods of local populations and their perspectives about these concepts, the two goals may turn out to be conflicting and of little use in practice when they are imposed on the community.

An important change came about at an analytical level when “the other” emerged in the form of local populations in the periphery, which as well as being impressively diverse, had their voice and their own perception about social change. This “other” also emerged in form of nature itself. If these two entities: nature and local populations had been hidden/ignored by the force of the development of capitalist tourism, the perspective of tourism as a social phenomenon lays the foundation for emphasizing both.

## **2.4 Tourism to the periphery as a social phenomenon**

If previous perspectives on tourism development in peripheral regions were, in a general sense, marked by a unidirectional point of view, more recent studies are based on more dialectical analyses. This more nuanced perspective has its starting point in the emergence of ‘the other’, either as local populations or as nature. This perspective sees tourism as a social phenomenon. This is in a certain sense, the voice from the periphery and in many of the cases, the voice from the South.

In this perspective we can identify two related approaches: on the one hand there are some authors who criticized the local – global disjunction (Duim, 2005). On the other hand, there are authors and schools suggesting changes in methodological approaches. Mowforth and Munt (2003) suggest that analyses of tourism to the developing world should not focus on the evaluation of impacts but on the social and economic processes that affect the study of tourism. They suggest that tourism in developing countries, which they called ‘new tourism’, must be analyzed as a form of representation. Salazar (2006) concludes that the approaches based on political economy have focused on the relations of inequality in international tourism and the marginal role of the developing countries, without considering that the local populations may also use tourism to redefine their identities. The theory of dependence and the life cycle model were criticized because they did not recognize the potential that governments, industries and individuals have to exert some control over their

own destinations (Milne and Ateljevic, 2001: 375). Crain's (1996) ethnographic study of 'native' women's role in the Ecuadorian tourist industry, attempts to invert the traditional, structuralist perspective by arguing that the women were able to reshape exploitative and hierarchical relations to their own relative economic advantage (quoted in Ateljevic and Doorne, 2007).

Pereiro (2012) identifies three perspectives on the impacts of tourism on indigenous persons. From a positive perspective, tourism revitalizes communities and enables them to obtain economic benefits and display their cultural identity. From a negative perspective tourism causes a radical alteration of the lifestyles of local communities, which often leads to the abandonment of traditional practices (Stylidis, et al., 2007). Local people may lose their rights and their traditional agriculture may be altered, leading to poverty and hunger. The third, or adaptive approach, applies when the indigenous people have political control, generating a better distribution of its benefits (Pereiro, 2012).

Other studies have used the theory of collaboration (Jamal and Getz, 1995), power relations (Spenceley and Meyer, 2012), theory of structure and agency (Erskine and Meyer, 2012) and new institutionalism (Lapeyre, 2011), acknowledging the potential of tourism to allow local communities to participate in the market and cultural exchanges. They also recognize that indigenous participation in tourism is not free from difficulties, nor certain to contribute to long-term improvement of quality of life, because there are some aspects over which the indigenous populations have had little control (Butler and Hinch, 2007). The cultural significance of the relationships of exchange has also been ignored in societies where the economy is not the centre of social life (Mosedale, 2011).

Although power has received more attention, this is evaluated through the application of a wide range of case studies, generally carried out 'from inside'. Recalling the division presented by Pereiro (2012) of three perspectives on the impacts of tourism on indigenous populations, we argue that besides the negative scenario, the other two (positive and adaptive) summarize the views of many communities as well as researchers of tourism. From a positive point of view, tourism revitalizes communities and enables them to obtain economic benefits and display their cultural identity. Besides the examples mentioned by Pereiro, another example from the Amazon includes long term projects such as the Posada Amazonas (Stronza, 2007, 2005). In the case of the huaorani community, the power to decide for themselves the number of visits to the community indicates a more adaptive and reflexive approach to tourism development. Although tourism could have an ambiguous effect for the communities (Stronza, 2007), if this is politically controlled by indigenous people, it should generate more and better distribution of its benefits. Stronza (2007) reminds us that for some populations tourism may have an ambiguous effect as they participate in tourism not only for economic reasons.



From these perspectives we conclude that indigenous people do not want to be seen as a study object but as subject of their own development process.

Support for this perspective came from authors and institutions that advocate new forms of tourism, giving more importance to the people of host destinations, and to the consumers. Since the 1980s the emergence of new forms of tourism such as nature tourism, ecotourism and ethnic tourism, merit the strengthening of methodological frameworks giving more value to people, culture and environment. Case studies and fieldwork with local populations from peripheral and remote destinations were consolidated (Spenceley and Meyer 2012). Researchers became interested in detailed studies of systems, processes, places and interactions between people in order to understand how power influences the actions of stakeholders and the link between tourism and poverty (e.g. Higgins-Desbiolles, 2011).

Whereas earlier studies of tourism impacts focussed on ecological degradation and cultural loss in peripheral areas, with a Eurocentric view on conservation, more recent studies have tried to analyse the local population's perceptions and attitudes towards the visitors and conservation. Studies have been made of the cultural disintegration and the social change generated by tourism in the indigenous communities and their problems; common situations such as the minimal flow of money and the preservation/loss of traditional knowledge (Doan, 2000). Another important dimension of the 'cultural turn' (in the studies of the geography of tourism) is that it progressively reduces the strong imposition of the Nature + Culture duality common to the thought process of the Enlightenment, and geography puts the individual back at the center (Hiernaux, 2008).

A methodological contribution is put forth by van der Duim (2005) who introduces the term *Tourismscapes* as a way of understanding the space/time organization of agents participating in the touristic process. This approach attempts to overcome the contradictions that emerge between mass tourism and the alternative forms of tourism stimulated in part by conventional tourism (97). In anthropology as well as in other disciplines "the other" came to the fore.

The voice of peripheral populations is highlighted amongst others, through the rigorous analysis of the concept of community and the examination of tourism in favour of the poor.

What is widely known as 'community' has been discussed in a number of critical studies, since the application of the term is not free from complications due to the multiplicity of interpretations (Armstrong, 2012; Goodwin and Santilli, 2009: 11). One of the fallacies is to assume that the community is simply a "group of people who live in the same place" (Jamal and Getz, 1995) and there are often romantic interpretations of community responses (Taylor, 2005). The assumption that tourism is a 'whole' which has an impact on native 'communities' ignores the power exerted by external agents and their control over them (Salazar, 2012), which

maintains or promotes colonialism and strengthens dependence (Manyara and Jones, 2007). These analyses do not question the participation of communities when they have been incorporated into the product as an object to gaze at, a trend evident in some tour operators (Stronza, 2005; Chaumeil, 1984). Nor has the application of these approaches questioned the implications of tourism in local communities when the communities do not fit into the (restricted) definition of poverty, or when they generally do not think of themselves as poor. Many of the advocates of tourism development in local communities are found in agents external to them, and although many of the communities show an interest in participating, they do not always act with the same motivation as those agents.

The maturity of 'pro-poor' tourism is reflected, first in a methodology, based on value chains approach, which comprises three levels of tourism effects: direct, indirect, and dynamic; and second in a detailed route of the steps to obtain an integral picture of the sector (Mitchell, 2012). Several studies have estimated the direct, indirect and induced effects of tourist revenues for the poor of the respective receptor populations (Mitchell, 2012; Mitchell and Ashley, 2009; Mitchell and Faal, 2008; Mitchell et al., 2007; Ashley and Goodwin, 2007; Goodwin, 2007). Payments to the agents of the chain are direct effects, payments to their suppliers are indirect and the third category covers infrastructure, build-up, the growth of other sectors, etc. Pro-poor tourism researchers have argued that ensuring that tourism revenues stay in the hands of the poor is very important for host destinations, as this provides a potential means for overcoming poverty and an alternative source of income (Mitchell, 2012; Mitchell and Ashley, 2009). Similarly, Sinclair (1998) states that despite being relatively small, the share of total incomes which the developing countries receive (15% to 30% ) makes an important contribution to their economies in terms of creating employment and providing money which may be used to finance essential imports, satisfy the basic needs of the population and serve as a source of daily income. An important insight from pro poor researchers has been to question the way that poverty is measured (Mitchell, 2012) and through the creation of alternative indicators of well-being (Emptaz-Collomb, 2009). As Thomas (2010) argues, poverty is a multidimensional phenomenon.

The external view of poverty which focuses on incomes and the unidirectional analysis of external control over the local agents gives little weight to the role of the latter (Erskine and Meyer, 2002) or to the initiatives which arise from the grass roots (Sakata and Prideaux, 2013). Mitchell and Faal (2008) criticize those who argue that this is a neo-colonial modality which does not benefit the local population. However, it is necessary to consider that their defence of such tourism, which has to do with its potential for increasing the country's wealth, well-being, imports and public finances, sometimes rests on indicators that mean little to the populations at local level. Zhao and Ritchie (2007) have proposed a methodological framework to

analyze what they call ‘anti-poverty tourism’. They question the traditional way of thinking about the relationship between tourism and the reduction of poverty, which holds that when a region becomes richer, the economic benefits eventually trickle down, little by little, to the poor local population. They reiterate that, for this to occur, a number of measures must be taken to ensure that the poor directly benefit from tourism. Tourism’s potential for reducing poverty is overestimated at times. Macro-economic measures on a national level should be contrasted with micro-economic analyses undertaken in and with the populations at the destination.

### **2.4.1 Alternative ways to change the structure of tourism sector**

More recent methodological frameworks propose the more active participation of consumers in the designing of their own experiences, introducing a valuable change in the study of tourism. The experience economy (Pine and Gilmore, 1998) implies the design of customized experiences for each individual. The consumer changes their role/position of being a gazer, into a model in which the providers (of the experience) enable tourists to find their own way, giving their own meaning to the experience, in a process of co-creation. This is the antithesis of mass tourism, returning to a more human sense of the service (Boswijk et al., 2007). The aggregate value would lie in the offer of a differentiated experience, which incorporates the integration of new sensations, and more advanced kinds of learning (Godenau, 2006). This suggests that it is not enough to sell specific products and services to the clients but involve them in the creation of an experience and turn that into a memorable event (Pine and Gilmore, 1998), thus satisfying the demand for sensations (Godenau, 2006) or the search for meaning (Richards, 2003).

The visitors can help to consolidate or transform new cultural meanings for the landscape through the re-signification of the attributes of the place. The new symbolic landscape, jointly constructed by the local people and the visitors, becomes very relevant for the vision of the territory and its use (Scott, 2010). Antunes (2000) argues that this sector must be a strategic partner that can define a new conception of the territory and establish a development strategy for regions where tourism has become the main activity due to the failure of other sectors.

According with these proposals, the tourist has the opportunity to enter at different points of the value chain because they can contact local producers directly (van Wijk et al., 2008), and possibly change the structure of control and the distribution of value. By establishing a clear distinction with traditional mass tourism these proposals seem to be more linked to those mature markets/destinations which revolve around a specific asset, where the consumers are not only frequent travellers but also that they have a high level of knowledge of the product. Thus, the

applicability of concepts such as the experience economy or co-creation in emerging destinations could be questionable. Given that the experience economy seems to be focused on what happened at the final destination, little attention is devoted to the power relationships among market agents providing the experience along the tourism chain.

An important issue that emerges regarding the realization of these new forms of doing tourism in peripheral regions is what kind of value would be created and exchanged among hosts and guests. The value of the experience is now more based on (the expected) exchange of skills; and the money (that is, the cost of the final experience) might be not the main concern, if the experience will benefit the local community as well as meeting the visitors' expectations. In destinations where the tourism experience is a complex mixed of nature and culture, which means that local populations participate in tourism with all their cultural skills, those associated to the interpretation and transformation of their world, the (criticised) commodification of cultural attributes should be re-examined.

However, the power of the international tourism system is significant, and in the pursuit of economic benefits, native populations can be (forced to) use culture (just) for economic purposes. Nonetheless, what is seen from the outside could lead to a different conclusion if the agency from the insiders is considered. In this scenario, the study of tourism in those regions should to consider a combination of economic transactions among agents with a sociological analysis of what tourism encounter really means for each agent involved.

Approaches towards indigenous populations from the standpoint of anthropology make an important contribution because they clarify the concept of the 'local community', showing why people are or are not interested in participating in tourism and how their decisions are related to their social and cultural roles (Stronza, 2005; Chaparro, 2008). Erskine and Meyer (2012) write that cultural influences on the decisions and formal structures, which are found in the indigenous organizations and their individuals, are subject to a network of values, norms, beliefs and premises, which are taken for granted. Dyer et al. (2003) underline the importance of sticking to agreements, improving communication and basing everything on a suitable appreciation of cultural differences. The social regulation system developed by locals and visitors could be a way to protect destinations (Scott, 2010).

## **2.4.2 Analyses of the implications of tourism in the Amazon**

The studies on indigenous people and tourism in the Amazon may be divided into two groups. One deals with the impacts caused by the disruption of their social systems (Baca, 1982), their incorporation as an object of display (Chaumeil, 1984; Seiler-Baldinger, 1988) and the risk that the culture may turn into an object of commerce

(Gallego, 2011; Chaumeil, 2009). The other school assumes the integration and formalization of (eco) tourism (Jamal et al., 2006) as a social fact in the communities and analyses the possibilities, challenges and conditions needed to improve it. The economic revenues stand out as a motive for participation (Ingles, 2001) but the benefits of tourism may in the end be ambiguous (Ohl, 2005; Stronza 2007; Carroll, 2011) and may consist of social and cultural factors as well as economic ones. Ullán (2000) argues that while the money from tourism is one of the biggest forces of capital and increases their dependence on the market, it may allow them to strengthen their identity as a response to globalization.

Some studies recommend that anthropologists act as mediators between the tour operators and indigenous people, since they are familiar with their internal institutions (Stronza, 2007; Ingles, 2005; Wallace, 2005; Wallace and Diamante, 2005). To minimize the impacts and improve the share-out of spending, a low-intensity, high-level or specialized tourism is recommended (Aquino and Peralta, 2008). An association with private companies and NGO's seems to be indispensable for some initiatives (Stronza, 2001; Arze, 2008; Erskine and Meyer, 2012). These analyses, and their justification or rejection of tourism, are not free from contradictions when we look at the researchers' perception of the populations with which they work. Remarks about the "difficulty [that the indigenous peoples] face in obtaining a minimum standard of life" (Ingles, 2005) contrast with those about "the happiness and joy of the forest-dwellers societies" (Gasché, 2004).

## **2.5. Discussion**

Some tensions and contradictions are found in the two previous perspectives. One is the tension between the centre-periphery analyses and the findings of experiences in developing countries where it is shown that power not only works in one direction but is seen as something fluid, accommodative and with many facets inside the tourism projects (Duim, 2005). New analytical approaches are not only highlighting the voice of local populations, but also they are looking for alternative modes of economic distribution and responses to global capitalism. In both perspectives little attention is given to the possibility that indigenous people at any time can decide to abandon their participation in tourism.

In the following chapter we argue for the use of Global Value Chains for the analysis of tourism development in peripheral regions. In contrast to traditional sectorial approaches, the global value chains approach intentionally incorporates into the analysis the specificities of the regions, the creation and distribution of value among agents, the geographical location of activities and their impacts, and power relationships.

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# 3

## Global Value Chains and tourism<sup>1</sup>

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<sup>1</sup> An earlier version of this chapter was published with W. Pelupessy as a book chapter in Romero (2010)

The objective of this chapter is to suggest a theoretical and methodological framework for analysing the structure and dynamics of tourism industry with emphasis on peripheral regions. The model suggested is based on value chain approach. Section 3.1 discusses the state of the art in Global Value Chain (GVC), its variables and its application to tourism. Section 3.2 designs three adjustments to the approach needed to adapt it to tourism development in peripheral regions such as the Amazon; and section 3.3 discuss the application of the adjustments.

The growth dynamics of international tourism reflect the nature of Global Commodity Chains (GCC) according with the seminal work of Gereffi and Korzeniewicz (1994), where production, commercialization and consumption are scattered all over the world, incorporating native communities, local producers, multinational firms and foreign consumers around a specific final product. A Global Commodity Chain, later re-named the Global Value Chain (Gereffi et al., 2001; Bair, 2005) is defined as a functionally integrated network for the generation of value, which, through activities for producing or extracting raw materials and different intermediate phases, including commerce and international services, leads to the consumption of a specific final product (Pelupessy, 2004: 24). In this study the term Global Value Chain (GVC) is adopted.

This approach analyses the flow of materials and values through the agents who participate in the processes of extraction, production, commercialization and consumption of a specific product or service. An interesting aspect of this is the manner in which the strategic agents coordinate and control the scattered activities.

A value chains approach is suitable for studies which deal with international influences on local patterns of development (Clancy, 1998). It makes it easier to understand how the industry influences local populations, the way in which the latter are linked, the risks they face and their possibilities for improvement. Up to a little more than a decade ago, its application was mainly focused on the analysis of physical commodities.

### **3.1 Components of value chains approach**

The GVC approach includes the analysis of four dimensions: i) the input-output structure, ii) the geographical location, iii) the driving force or governance structure and iv) the socio-political and institutional context. The results of these dimensions indicate the advantages or disadvantages for local agents of participating in globalized networks or production patterns (Pelupessy, 2004). In the following section there is a description of these four components, with an analysis of their applicability and limitations for global tourism, including the ways in which they could be operationalized.



### 3.1.1 The input-output structure

The input-output structure covers the whole cycle of generating value, from the use of the product and final residues through the stages of transformation, commercialization, and provision of services. It also analyses the portioning out of profits, the economic links of the market, and of demand. It likewise discusses the intersectorial effects of spending on tourism (Sinclair, 1998: 3). The benefits attributed to tourism include its multiplier effects on the economy, and it has the potential to create productive linkages during, before and after the provision of the service, related to the creation of employment, investment and export revenues.

Aggregate value is defined as the value of a product at market prices less the value of production costs, which include all of the inputs bought from other companies and the depreciation of fixed assets. An estimate of the generation of aggregate value must take into account the cost of the inputs needed to construct the tourist package, commissions and taxes. The fixed costs arise even when products like permanent staff, taxes, maintenance and vehicles are not used. The variable costs depend on the provision of services and the level of the activity, such as temporary manpower and some inputs provided by the suppliers. The direct costs are those which are directly occasioned by one of the services which are provided and the indirect ones involve several of these, as in the case of a hotel manager whose salary cannot be discounted from a single service. The marginal costs are those which the firms incur in order to produce an additional unit of the service (Dias and Rodríguez, 2002). Nonetheless it is necessary to recall that in tourism several agents add value through their role as intermediaries (purchase and sale) and not through modifications of the product. Value-added shares can be calculated for different links in the chain and also for different countries or regions. Value added can also be analysed for different sectors or industries, which requires research with operators to collect relevant information (Gereffi et al., 2001). The supply of the final product at the site is one of the least profitable segments, a highly dependent one, with little power to negotiate with the strategic coordinators (FIAS and OECD, 2006: 24). Even though the final experience may be a small part of the whole its importance is much greater, since, from the beginning, it is the *target service* and the reason for all the other services necessary to construct it. Tourism is now seen as one of the ‘experience industries’ (Pine and Gilmore, 1998). So this is the main point of any tourism value chain.

The input-output structure is a useful tool for determining the multiplier effects of the revenue from tourist spending on different sectors of the economy but it requires detailed sectorial information (Sinclair, 1998: 26). Its application is complicated because there are aspects of tourist consumption which do not pertain



to the final demand, but to the intermediate consumption of activities developed by the producers (UNSD et al., 2008: 98).<sup>2</sup>

Once the agents are identified, the structure of the value chain can be schematically represented as is shown in Figure 3.1. In this figure the tourist goes to the final product throughout the services provided by all the agents of the chain. This figure shows the local-global links, and therefore is useful in presenting the distribution of value among the agents located in different geographical locations. However, as we explore in section 3.2.1, the mobile condition of tourist is one of the strategies for shortening the value chain (van Wijk et al., 2008) and this might also change the form of representation.

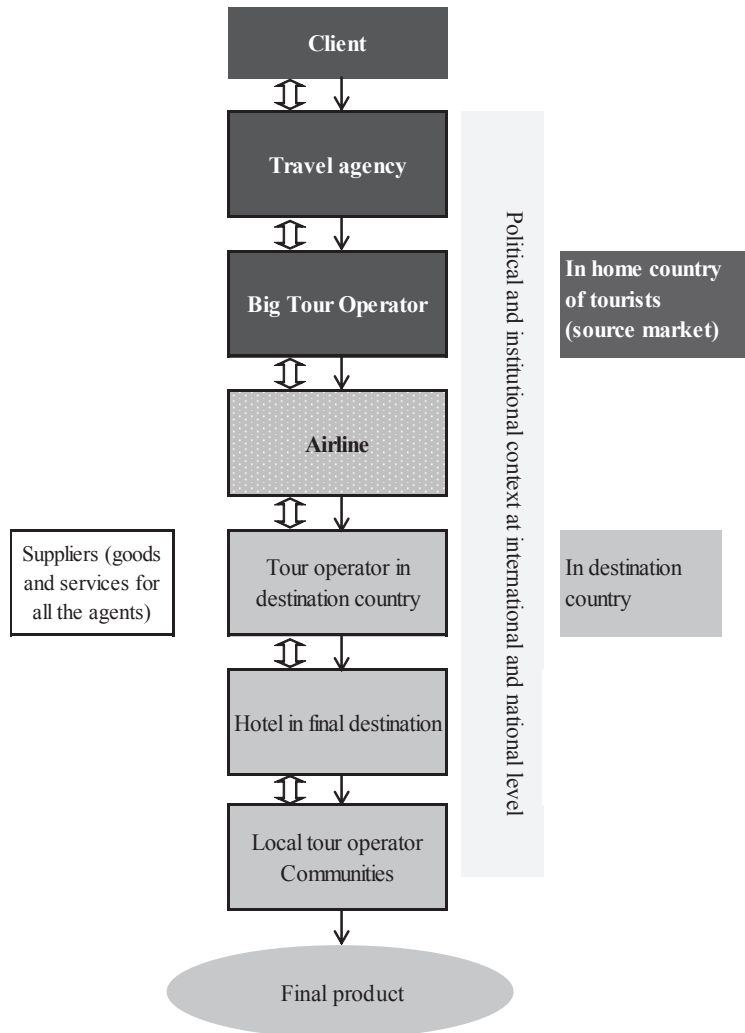
### 3.1.2 The geographical location of activities and impacts

The geographical location of the activities refers to the place where tourist consumption ‘touches down’ (Clancy, 1998). Therefore, in contrast with other perspectives, such as networks (Duim, 2005) the value chain approach implies a clear definition of the beginning and end of the chain. The GVC evaluation also has to include the aggregation of value of local and external (global) agents. This contrasts with the analysis of pro-poor tourism, which excludes spending outside of the final destination from the analysis of tourism impact (Mitchell and Ashley, 2007). It is important because the differential accrual of value will have an important impact on the structure and functioning of the value chain.

For example, in terms of time, the value chain is activated when the final consumer arranges his or her product goal (Yilmaz and Bititci, 2006). This may be done by two means: by using a travel agency in his or her own country or by arranging things on his or her own account with the help of operators at the destination. Yilmaz and Bititci (2006) argue that an integral analysis of the chain must also take into account a stage prior to departure, when the consumer makes all the necessary arrangements (getting a visa, obtaining information, etc.), and one after the final consumption (*post-delivery*), when the satisfaction of the client is measured and serves as feedback for future travel decisions.

The location of the productive activities as well as the geographical and socio-cultural differences also affect the distribution of tourism incomes (Pelupessy, 2002: 18-19). For example, a tourism development project may include inter-relations

2 The system used by the United Nations and the World Tourism Organization distinguishes between i) tourist expenditure, which includes all monetary transactions and ii) tourist consumption, which, in addition to all the monetary transactions, includes services associated with spending on vacation homes, transferences in kind of social tourism and other kinds of related consumption (United Nations (UN) and World Tourism Organization (UNWTO), 2008:36; United Nations Statistics Division (UNSD), Statistical Office of the European (EUROSTAT), OECD, and UNWTO, 2008:16). For the chain analysis, the definition of tourist spending is used.

**Figure 3.1: The standard tourism value chain**

among several countries. Such is the case with the construction of Route 9 between Laos and Vietnam (SNV, 2007).

In this way, an analysis of the distribution of benefits among the agents gives us a view of the chain, even if it is a partial one. These estimates may become even more relevant if they are related to power relations (which are analysed in the following section) and the internal distribution of incomes within the communities, which occurs at the point where the political and institutional context has its influence. As may be seen, the input-product structure and the geographical location are strongly interrelated and thus may be jointly dealt with (Clancy, 2008: 410). The final experience relies on the meeting of resources and actors at the destination, and this

has important effect on the income distribution and the driving force of the chain. The role of agents with the greatest power in the chain is analysed in the following section.

### **3.1.3 The driving force and income distribution in tourism chains**

The issue of power, associated with control, is central in global value chain analysis. The driving force refers to the role of one or several lead companies in the control of the aggregation of economic value, exchange of information, organization of productive activities, allocation of surplus and the division of labour along the global chain (Muradian and Pelulessy, 2005).

The driving force or governance structure of the chain includes the main decision-makers within the industry and determines where the profits go (Clancy, 1998: 125). The analysis seeks to understand the control exercised by one or several firms which dominate the chain and the fragmented geographical processes which enable the final product to be obtained. This approach intentionally includes the analysis of power relations revealing a strong colonialist component, which characterizes the linkage of many native populations to tourism. The forms of the driving forces are reminiscent of the centre-periphery model which is reproduced in developing countries, since small firms at sun-and-beach destinations face bigger obstacles to the improvement in the chain than those in inland areas where cultural and business tourism is predominant (Tejada et al., 2011). The chain may be coordinated by a single agent at a given node, thanks to their access to assets not available to the others (Bekerman and Cataife, 2004: 33). It is therefore very important to find out who controls the production process (Mosedale, 2006): design, marketing and activities at the destination, among other aspects which go into the tourist packages.

Modern communications technologies, especially the Internet, have had a marked influence on the structure of control or driving force of other global chains (Gereffi, 2001). In the same direction Judd (2006: 328) states that the highest value-added inputs to the commodity chain of tourism flow from design, marketing and information technology and management.

In a pioneering study, Gereffi (1994) set forth the idea of two major divisions, between chains run by producers (*producer-driven chains*) and chains run by buyers (*buyer-driven chains*). Tourism is defined as a buyer-driven chain according to this typology. Gereffi et al. (2001) have provided important details about this concept. In terms of application, they propose a number of measurements, like profits, aggregate value and the increase of prices, which allow for an assessment and comparison of the performance of the agents. One of the most relevant factors for analysing tourism

to remote places is the understanding of how a firm has the capacity to influence or define the activities which the other firms carry out. In their opinion:

*“Through the governance structures they create, they take decisions that have important consequences for the access of developing country firms to international markets and the range of activities these firms can undertake”*  
(Gereffi et al., 2001: 4).

The later typologies of governance set out by Gereffi et al. (2005) – *hierarchy, captives, relational, modular and markets* – are questionable, since they refer more to forms of inter-segments coordination (Ponte and Gibbon, 2005; Muradian and Pelupessy, 2005). Contrary to governance structure, the evaluation of strategic coordination has received little attention in tourism analyses.

The criteria for identifying the driving force in tourism may be classified as global or local and each one is influenced by the political context. The global criteria are related to the usual operations of transnational companies such as vertical integration (Theuvsen, 2004), use of scale economics, expansion of market share and large scale marketing and publicity campaigns. These companies benefit from their influence on the consumer to compose a quality product with selected agents and inputs and lower transaction costs for the client (Tejada et al., 2011; Guzmán et al., 2008). These analyses of the driving force tacitly refer to the power that the companies use to exert control over the consumer, by organizing the product, channelling tourist flows to selected regions, considering sales strategies and reduction of transaction costs for the client (Erkuş and Terhorst, 2010; Tejada et al., 2011; Mitchell and Faal, 2008; Guzmán et al., 2008).

Local criteria evaluate the kinds of relational coordination which exist between two small, mutually dependent agents and which are based on trust, reciprocity, joint experience and specific areas of knowledge of a market, which makes improvement possible when there is a favourable institutional framework (Barham et al., 2007). In some cases there are alternate schemes of coordination, which show that the power of the lead firm may be relative. Despite the hierarchical control exercised by a vertically integrated leading firm, local firms may operate with a certain degree of autonomy. In these imperfect markets, social relations, trust, experience, knowledge of the culture and tourism market, may be highly relevant to elaborate specialized tailor-made services (Erkuş and Terhorst, 2010).

Coordination refers to the extra-market relations between two agents and may function as an operational complement to control. Coordination means interfirm contracts and relationships (Mosedale, 2006). Muradian and Pelupessy (2005) understand coordination as the relationships between two or more agents not linked by ownership, with the aim of exchanging extra-market information, activities and

capacities which enable them to define and provide a service, including the processes and logistics. This may also arise between one market agent and another outside of the chain, such as relationships with formal institutions or organizations (Kaplinsky, 2000). Coordination is of crucial importance in tourism, given the nature of a sector which is made up of services and activities which are spread over different geographical locations (van Wijk et al., 2008).

Muradian and Pelulessy (2005) argue that coordination may take many forms, but to simplify the analysis, they propose a classification into four types: markets, weak coordination, strong coordination and vertical integration. Aspects of the information such as complexity, quality and specificity, and even the high degree of control over the information exerted by some agents in relation to their clients, as Ponte and Gibbon (2005) note, are crucial for determining the kind of coordination. In evaluating these forms of coordination it is important to recall that the asymmetry of power is strongly influenced not only by the characteristics and variables of the coordination but also and mainly by the market concentration of a specific agent and the nature (degree of specificity) of the relationship between agents (Muradian and Pelulessy, 2005: 2031).

The benefits of the agents depend not only on their participation but also on how and under what terms they participate (Kaplinsky, 2000), and the type of coordination that is implemented among the agents. This is especially important in destinations like the Amazon and similar regions where the participation of native populations is of crucial importance for the sustainability of the sector. Muradian and Pelulessy (2005) agree with Ponte and Gibbon (2005) about the strong influence, which social conventions, such as certification schemes, codes and labels, have in the implementation or strengthening of a certain form of coordination, since they allow for the codification of the information and increase the trust of the consumers. In specialized tourism markets, strong coordination is practically a prerequisite (since it meets the relevant standards) for satisfying the growing demand for information (particularly from wealthier consumers) on the social and environmental conditions in the experience production sites. Nevertheless, information not related to the standards but to the management of the supply chain (quality, administrative performance, trustworthiness of the supply and the geographical location of the producers) is much more important in this form of coordination (Muradian and Pelulessy, 2005: 2032). The adoption of a regulatory scheme, such as the certification of a tourist destination, does not necessarily lead to higher incomes for the local producers. Nevertheless, it offers them a chance to improve their coordination with the purchasing agents. The support of public and private institutions is another alternative in that respect (Muradian and Pelulessy, 2005). In fact, in some destinations, governments have been the main link between the local and the external agents (Mosedale, 2006). The study of Route 9 between Lao and Vietnam (SNV, 2007) shows the importance of

contracts and commissions in the coordination among local and international travel agencies (SNV, 2007: 125). However, the influence of the agents with the greatest power still seems not to have much weight in the development of the route.

An empirical application of the concepts of control and coordination is presented in chapters 5, 6 and 7. Nevertheless the importance of the issues related with the power, national and international regulations about tourism transactions may check or lessen the possibility that a single agent will control the whole chain, as discussed in the following section.

### 3.1.4 The institutional and socio-political context

The evaluation of the institutional and socio-political context involves an analysis of rules of the game and of the system of regulations and the (State) policies which affect the chain. Governments may affect the economic position and decisions of the agents (Pelupessy, 2007), and the destinations are influenced by the system of social regulation (Scott, 2010). The institutions are understood as the way the agents do things, the rules of the game or the human limitations which shape the interactions among people (North, 1990). The institutions are made up of formal and informal impositions, and the relationship with time is very important, since it is the repetition which allows them to develop (North, 1993). The informal institutions (norms of conduct, conventions, and codes of conduct) or internal institutions (Agrawal and Gibson, 1999) are useful for understanding the participation of native communities in global tourism.

Tourism is characterized by strict regulations and agreements established at an international level. Hotel and air travel regulations are decisive in this (Sinclair, 1998; Clancy, 1998). In terms of payments between agents there may be standardized arrangements for the system of fixed commissions. But these commissions, for example those which the airlines pay to travel agents, continue to change due to the spread of the information systems which now make the relationship between the client and the agents more direct. The certifications and labels which seek to make the companies comply with established standards are becoming more important every day (Font, 2003) and the services likewise are becoming more standardized, which is a trend that is also found in physical commodities (Muradian and Pelupessy, 2005). The tourist chain has a clear market structure known as B2B (*Business-to-Business*). This type of business is characterized by the close relationships between firms, mainly in areas like supply, logistics and the administrative processes that take place between them (Gereffi, 2001: 1628).

Studies of the chain have analysed the variations in the institutional context when communities with subsistence economies and small companies are linked to the global productive system (FIAS and OECD, 2006). The aspect of trust (Clancy,

1998) is of crucial importance in justifying the application of the chains approach to a remote region. The consumers can be doubtful about a novel or emerging destination like the Amazon. But this attitude might change when a hotel with a well-known brand establishes itself there and offers tourist experiences.

Even though the previous four variables are useful in understanding the current structure and operation of the tourism value chain, it is also important to analyse the possibilities for change, for example through upgrading (Gereffi et al., 2001). The upgrading of the chain is therefore presented below as the fifth component of the analysis in order to provide a more dynamic representation of the tourism value chain

### **3.1.5 Upgrading in value chains**

The improvement of the chain may take place in four different ways (Kaplinsky and Morris, 2001; Humphrey and Schmitz, 2002):

- Improvement of processes: achieving a greater efficiency through the reorganization of the productive system and the incorporation of new technologies.
- Improvement of the product: incorporating new products or more sophisticated lines and optimizing the aggregation of value.
- Changing the functional position: adjusting the current processes or acquiring new functions by entering into another productive segment.
- Inter-sectorial improvement: entrance into another chain on the basis of the skills previously acquired.

Among the possibilities for improvement Del Cid and Castro (2002) suggest agents might want to specialize in certain segments of the chain and not to enter into others. Poon (1990) also suggested diagonal integration as a possibility for improvement. Parallel to the increasing power of the big companies there is a growing concern for the small and medium companies which have little capacity to negotiate with the multinational companies (Burzynski et al., 2006). Hatton (2005) argued that small and medium companies may improve their position thanks to their size, which allows them to adopt changes more quickly and at a lower cost. According to Guzmán et al. (2008) flexibility, diversification, concern for quality and client loyalty figured among the strengths and/or opportunities for these actors. Atomization, competition and the lack of cooperation agreements are some of their weaknesses. As Harrison (2008) argues these weaknesses mean that the potential of any form of tourism to improve the conditions of local enterprises and populations (pro- poor tourism), relies on strong state strategies to protect them from competition. Tejada et al. (2011)



therefore conclude that the small companies' possibilities for improvement depend on the kind of control structure.

The position of the local populations may be better when the destinations have a strong cultural component that is not likely to be found in other places (Monreal, 2002). Although culture allows for the differentiation of tourism, it requires the support of the local communities and usually needs a long-term view and lengthy periods to mature (20 to 25 years) (Richards, 2009). Cultural products may allow for better possibilities for design and control by the local population, so that they may advance towards more integrated products and other organizational phases, and position themselves in markets which supply tourists and establish 'linkages' from there on (Monreal, 2002). The unique character of cultural products may be an argument for protecting them from external competition and thus avoid the levelling effect of a trade managed from abroad (Chu-Shore, 2010). Tourism will not lead to development if the strategies are focused only on the aspects of infrastructure (SNV, 2007); they should concentrate on global networks of tourism and take advantage of local cultural heritage (Monreal, 2002).

One of the flaws of the studies which apply the chains approach to tourism is that the proposals for improvement continue to be tied to recommendations that also apply to chains of physical commodities, such as entering the chain, diversifying the products, changing the segment, vertical integration, improving the quality of the services and the use of technology (Christian et al., 2011; Del Cid and Castro, 2002). These analyses do not take into account the importance of culture, as a good that is not easily commodified, nor the influence of local cultures on tourism development. They also have not paid enough attention to one of the main differences between physical commodities and tourism, which is the opportunity to improve the experience by including the consumer both in the assessment of the chain and the options for improving it. Thus, the formulation of proposals to improve the situation of indigenous communities should adopt a more integral understanding of the functioning of the tourism chain (Mitchell, 2012), as well as an assessment of the cultural meaning, which the communities attach to tourism exchange in accordance with their internal organization and institutions. The opportunity and the strong tendency to co-create the tourism experience between local enterprises and the consumer have been missed in most previous studies.

Summarizing, the review of the literature shows similarities and differences of global value chain analysis with other means of analysing tourism in peripheral regions. Global tourism chains have systemic mechanisms which lead to differential results in the core and the periphery (Brown et al., 2010). These mechanisms are characterized by asymmetric relations of power and revenue, as shown by the dominance of the leading transnational firms and the meagre share of the poor in the economic benefits in the tourist destination. The asymmetry of power and revenues



that particularly affects small and medium businesses and local communities is not reduced by public regulations or private contracts, and conditions of inequality between actors persist. This is due, among other things, to the fact that the transnational companies are concentrated in the segments of airlines, hotel chains and international operators with high entrance barriers and profits.

To date, value chain analyses in tourism have followed the physical product methodology of capital realization and rarely consider its characteristics as a specific service. In addition, environmental and cultural resources are becoming increasingly important for tourist destinations, but these are not usually considered in the GVC approach. Last but not least, the studies of tourism development in the Amazon have generally failed to analyse the linkages between local and global agents and the resulting power relations.

These shortcomings of the global value chains approach suggest that some adjustments have to be made in order to apply this model to tourism to remote regions, such as the Amazon, which shows *sui generis* characteristics. These adjustments should also deal with the important differences between chains of physical products and chains of services as well as chains of tourist experiences. In the next section adjustments are suggested to make the chain approach tool more appropriate for tourism in peripheral regions.

## **3.2 Methodological adjustments to the value chains approach**

### **3.2.1 The tourist as value generator: the mobile consumer**

One of the main differences between chains of physical goods and tourism chains is that in tourism the consumer goes to the product. Therefore, we suggest that it is appropriate to see the tourists as ‘mobile consumers’. Time and space dramatically changes in tourism because in the tourism experience, the final production and consumption processes take place simultaneously in the same locality. Tourism may therefore be understood as the commodity chain of a tourist experience instead of a specific physical final product (Judd, 2006; Gollub et al., 2002).<sup>3</sup> This has important implications, because whereas the design of goods remains almost exclusively within the control of the producers, services are produced in the presence of the client. The tourism chain is organized on the basis of the information provided by the agents and the final product is completed and received at the destination. However, in tourism chains to remote destinations it would be common that several of the

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3 Török and Tion (2012) present a detailed list of the differences between tourist services and commodities.

agents that promote and sell the product are not familiar with the location or its specific characteristics. The tourist product is consumed little by little in the course of receiving the services outlined in the tourism package, which is organized with the supply of goods and services by agents in many geographical locations, but with the aim of enjoying the final product. This implies, on the one hand, that the service is not consumed at the time of payment (UN and WTO, 2008: 37) and, on the other hand, that its quality can only be judged after it is consumed. Although it is regarded as an export under the system of national accounts, it is a product that cannot be exported in physical terms (Bote and Sinclair, 1991).

As was mentioned in section 2.4.1, in tourism there is a strong tendency for clients to become involved, to a greater or lesser extent, in the designing of their own experience. In chains of physical goods, the design function tends to be concentrated in core countries, which constitute the epicentre of innovation (Korzeniewicz, 1994), and this leads to a concentration of primary rents. However, in tourism the role of local communities and producers and consumers in designing and co-creating the experience in situ produces a more complex distribution of value between the parties. Thus, tourism can no longer be viewed as a static/conventional product.

Because of these differences between commodities and tourism, we argue that an analysis of the tourism chain must start with a clear definition of the product as the *Tourist Experience*. What is proposed here, is that conceptually, we must distinguish the Final Experience or desired experience, from the holistic experience of the tourist, which is the sum total of partial experiences along the chain. We are mainly interested in those experiences which are related to the growing internationalization of transnational companies and their processes of vertical integration and expansion to remote destinations, the massification of technology and access to information, and, partly resulting from those factors, the growth of new products and the increase in customer awareness.

Any definition of the tourist experience and final experience should take the antecedents of the mobile consumer into account. In a theoretical proposal Brathwaite (1992), applying Porter's concept of the value chain, refined the definition of the tourist experience. Each of the phases the tourist passes through, with different degrees of satisfaction, is an experience or 'node', and these are connected by different services to produce the total experience. His proposal to improve each node stands out, since, due to the captive nature of the consumers of tourism packages, the consumers may be better attended to (with information) through the use of the technology oriented towards the service. Smith (1994) proposes a model that stresses the role of human experience but which also suggests possible methods to empirically measure the economic dimension of the activity. His model takes into consideration the physical infrastructure, service, hospitality, freedom to choose and involvement. He has been a pioneer in highlighting the important role the consumer has, due to their link

with the provision of services, and also for suggesting that the modality of tourist packages is similar to the tourist experience. However, the concept of the tourist experience has changed in accordance with the dramatic changes which tourism has gone through in the past two decades.

Most importantly because of the transition to experiences, there is also the idea that the experience involves the client to a greater or lesser extent. Given this increasing consumer involvement, Van Wijk et al. (2008) suggest that one strategy for improving the position of peripheral destinations is by shortening the value chain. Mobile consumers are contacted by Internet and participate in the co-designing the product, and in this way locals based in the periphery can bypass some of the intermediaries. They also indicate that this alternative is for 'travellers' who do not require packaged experiences. From an experience economy perspective (Pine and Gilmore, 1998) it is suggested that more and more, companies' behaviour will be determined by the community of customers. Higher service quality expectations, concerns about environmental and social features of the destinations and also healthy lifestyles increasingly influence the decisions of consumers. As in the case of food products (Pelupessy and Van Kempen, 2005), we note five trends which encourage the final demand of tourism: a continuous and easy access to the places in the destination, prestige, novelty and (environmental and social) ethics. For example, a tourist Concession in a National Park and a five-star hotel may be regarded as novel experiences with high prestige.

On the basis of this brief summary, we define the final tourist experience as the 'product goal' consumed or enjoyed at the destination, and this is the *raison d'être* of the other processes in the chain. The final experience includes the activities which are offered to the consumers at the destination. The characteristics of the destination allow for and motivate the design of the tourist packages and have a strong influence on the consumers' decision to purchase the product. Hence, the image of the destination is of great importance (Judd, 2006), both in the manufacture and the consumption of the experiences (Godenau, 2006: 5). The presence of companies with a good reputation in the destination may also help to inspire trust in the consumers (Clancy, 1998). The final experience thus varies from place to place.

The experience provides the link between the different actors in the chain. The tourism industry facilitates the movement of the mobile consumer towards the experience, as well as constructing elements of experience itself (attractions, events). However, particularly in peripheral destinations where built or created attractions are rare, the power of the travel industry to augment the value of the travel experience is limited. Instead, in some destinations the local agents, particularly the native population, should have a much more important role in the experience because of their closer relationship with nature. Because of this, the experience varies for one place to another, and the distribution of value also differs. Another important point

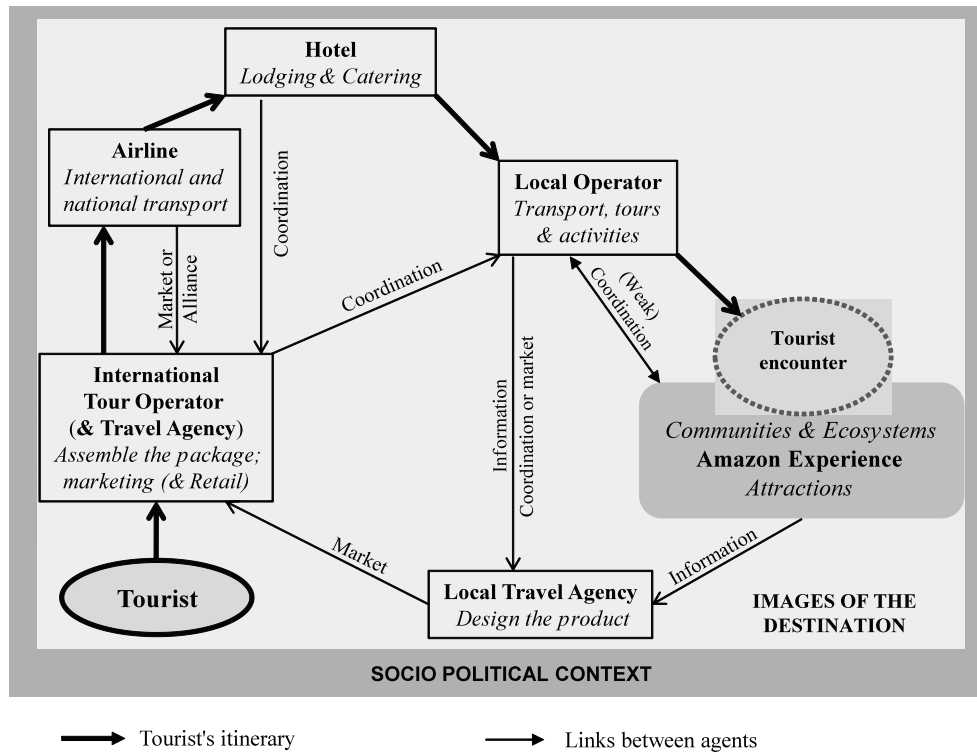
is that the consumer is directly in co-presence with local populations who are the aim of their (long) journey and the co-producers of their experience. This physical co-presence imparts far greater power to locals than the extractors of commodities could ever manage, particularly as the weight of value production in contemporary value chains has shifted increasingly towards the consumer.

Having defined the product, the actors of the chain can be characterized. Except for the consumer, all of these occupy a node, carry out a function and have links with each other that allow for the organization, commercialization and consumption of the final product. Although the contribution of each activity such as the trip to the destination, a night in a hotel, a dinner in a restaurant, is a product on its own, the systemic analysis should take into account the chain as an integrated system with defined boundaries and therefore pay special attention to the beginning and end of the chain (Yilmaz and Bititci, 2006).

The compilation of information to evaluate the final experience may be based on the following techniques: fieldwork for direct observation, open interviews with tour operators and local travel agencies which inquire into the product which is offered, how it is structured, where it originates, what its role is and what process each agent in the chain undertakes. It is fundamental to have a clear idea of the point of entrance into the chain (Subramanian, 2007). Both in the interviews and the review of secondary information, for example, from the web, brochures and magazines, it is important to investigate how the images (Judd, 2006; Clancy, 2008) disseminated by the media are incorporated into the structuring of the product. The interviews with tourists are used to evaluate aspects of tourist spending, the use of tour operators, the influence of the images on the choice of the destination, and the use of the different nodes or services provided by the different agents involved in the production of the experience. This also allows one to determine the choice of hotels and compare with official statistics about the percentage of national and foreign guests. Figure 3.2 shows each agent in the global chain (shown in the boxes), their activities, the type of coordination between them (thin lines), and how the final experience is created for the mobile consumer (bold lines) through the services provided by each agent.

The aggregation of value in the country of origin of the consumer begins with the specification of the service goal or final experience. In the manufacture of the product, the Amazonian experience in our case, the global images of the region are combined: the jungle, river and activities with traditional communities. Due to their isolated nature and because it is a region full of myths, this experience is a product whose commercialization still depends on agents who organize and provide the services.

Figure 3.2 indicates that value is first added to the product on the basis of the offer of the local companies in the destination. Once the offer is established, the other agents design and ‘assemble’ their products and activate the other phases

**Figure 3.2: Production of the final experience; Agents and Processes**

of aggregating value. On the basis of the resources and the images available in the destination, which are then promoted on a world level, travel agencies in the destination establish a number of attractions and activities, which they then promote, mainly in the national media. They may also include the cost of tour operators who are generally responsible for providing the final services at the site of the experience. They may or may not be the owners of the attractions themselves. The development of attractions and activities may also result from an indigenous initiative.

The tour operator establishes the prices of the products offered to the travel agencies, including the costs of hotels in the destination, and of the operation of the company, such as jobs, taxes, participation in trade fairs and promotion, among others. With these inputs, agents in the emitting markets organize their packages, adding the other inputs. On the basis of the offers and prices from the local travel agency, tour operators assemble the package including the air transport and hotel and the costs of the company's operations, proportional to the offered packages. All the agents use global images of the destination. They also are immersed in political and institutional contexts at the local, national and international levels that influence their performance in the chain.

In the tourist chain the costs of international transport are assumed from the beginning by the consumer and not by the local producers. This is a very important aspect for those peripheral regions, such as the Amazon, since the processes of production, transformation and commercialization of local products turn out to be excessively expensive due to high transport costs (Hall, 2007).

### **3.2.2 A final product which combines ecosystems and cultures**

The final experience is the goal and the starting point which guides all the stages of the chain, from the pre-departure phase to the final post-consumption phase. The final product is the reason for the existence of the chain and the process of generating value, from the beginning to the end. The Amazonian final product is based on a combination of several natural attractions, like the jungle, the river and to visit the indigenous communities. These are the main reasons why visitors choose places like the Amazon as their destination.

One important factor, which enters into the dynamics and potential for invigorating local productive linkages, is the seasonal nature of the Amazon experience, with very marked seasons of consumption. There are at least two seasons that modify the landscape and thereby the Amazon experience: high and low tides of the river. Due to the fluctuations of flooding the level of the river Amazon can vary by up to 10 meters from one season to the other. The final product is in essence the same, but the changes in the landscape promote or prevent the realization of certain activities and modify their characteristics. Previous interviews in the field and the review of literature showed that from the start, the indigenous populations of the Amazon were incorporated into the product offered to tourists. The environmental or cultural wear and tear at the final destination directly affects the quality of the service and should not be regarded as an externality as in mainstream economics. Other attributes are included according to historical characteristics of the locality, as in Manaus and Iquitos, where the remains of the rubber era are presented as attractions.

Even though economic primary rents are increasingly found in areas outside of production, such as design, branding and marketing, just as in physical chains, it is necessary to evaluate what happens in tourist production sites where some activities can involve big barriers to entry (Kaplinsky and Morris, 2001) because a large percentage of tourism takes place in indigenous territories, natural reserves or national parks. This fact may turn into a factor of negotiation, always provided that internal social relations are taken into account. Thus, it is especially important to use interviews and field observations to find out where and how the tourist activities take place (Judd, 2006) and the role that the legal status of the territory plays.

Although many national parks are focused only on nature, in the Amazon it is the combination of enjoying the ecosystems with the cultural participation of the local communities that gives it a *sui generis* character, that sustains the tourist attraction and at the same time promotes active and paid participation. It is necessary to take a look at the influence of tourism on traditional activities and show the impacts when tourism has supplanted them. It would be better if tourism were to complement existing activities and not replace them (Tao and Wall, 2009). The influence that tourism is having as it uses the same ecosystems in which the communities grow food, hunt and fish have to be analysed.

The information produced by fieldwork will be used to make a critical assessment of the relationship between tourism companies and the native populations. The agencies and tour operators will be asked to indicate the reasons why and the way in which they have linked the indigenous communities to their product. This information is complemented by interviews with businessmen, government authorities and local and indigenous leaders, and a review of publications, in order to investigate the historic aspects of the tourism chain in the region. The revenues of hotels and travel agencies have been obtained from sectorial reports (Gereffi et al., 2001) issued by the Chamber of Commerce of the Department and the municipalities. It is important to take into account that there would be rents that arise from the control of scarce assets or a 'created scarcity' involving the development of innovative products by groups of firms, which are known as relational rents. Others, like financial, infrastructure and policy revenues, may be provided by external agents, when, for example, efficient governmental policies allow the local agents to successfully compete with those of other countries (Kaplinsky and Morris, 2001; Chu-Shore, 2010). Such is the case with the Concession of ecotourism services granted by the Colombian government, which handed over the administration of the only National Natural Park in the area of study suitable for tourism to an international hotel chain, with the aim of obtaining more profits for the country and a private company.

### **3.2.3 The final experience in heterogeneous social relations**

An analysis of the social relations of production must take into account the reality of the final destination. The analyses of tourism to peripheral regions discussed in chapter 2, section 2.2 – 2.4 have made important contributions to understanding the heterogeneous nature of people involved in the final experience in remote destinations. The consumer travels through the chain to the final product where producers and consumers with very different socioeconomic and cultural levels meet each other, which can cause the earlier mentioned imitation or refusal effects in the host population (Monreal, 2002; Lepp, 2008). The communities are located at the Amazonian experience node, either as producers or because of their more or less



active role in the attractions. In many areas several indigenous ethnicities are living with clear-cut differences among them and which are related in different forms and degrees with the dominant society and its markets.

In the past the Amazon native populations had been involved in the global extraction processes as bound labour, almost always working under 'white masters' and generally under extremely bad conditions. Some historical extractive processes as rubber exploitation had strong impacts, and reduced indigenous groups considerably because of ill treatment, the dispersion of the population and slavery conditions. Their main means of subsistence are obtained from the transformation and use of ecosystems through such activities as agriculture, hunting, fishing, the fabrication of tools and crafts and more and more from working in tourism activities. In other words, their livelihood is characterized by pluri-activity. Traditional social relations prevail, based on interest groups, which may have to do with family, solidarity clans or common activities. These aspects help us to understand that the benefits of their activities are not necessarily monetary, since the well-being they seek is different to that found in the speculations of the capitalists who promote development (Gasché, 2004; 110). Tourism in the Amazon arose in this context, with 'white bosses' using the indigenous people for the visits of foreigners (Seiler-Baldinger, 1988).

Simultaneously they accede to markets to sell products and their manpower as employees who seek incomes to acquire goods they themselves do not produce, and to satisfy needs like health and education. More recently, they have become engaged in a range of activities with governmental entities and NGOs, which were developed principally because of the important role of urban centres. These processes are more or less directed by the national state in order to gain access to public services, national resources and development projects.

It has already been mentioned that the tourist product may be sold by agents almost anywhere, even though the agents are not familiar with the destination. Therefore the possibility that a foreign travel agency or an international tour operator controls the quality of the final product is low. A travel agent in a non-Amazonian country can organize a tourist package and 'Amazon' product with inputs provided by other agents, and this is risky. Due to their ignorance of local ecosystemic and cultural conditions, these agents can offer products which may be unavailable during certain seasons or which do not belong to the region. These factors may cause stresses between the tourists and the local operators or local population. A delay or disturbance in the 'delivery' in the chain may be traumatic. A flight which is delayed, a change of itinerary or a mishap with equipment (for example, a boat on the river) may lead to the cancellation of the service, create tense situations and cause losses to the agents. These flaws may harm the image of the destination and negatively affect (future) demand.



This analysis indicates that three analytical adjustments are needed for appropriate implementation of the value chain approach to global tourism in peripheral destinations like the Amazon. These are a consideration of the mobile consumer, the involvement of culture and ecosystems in the value chain and the social relations that affect value creation processes. Taken together, these adjustments suggest the need for a new approach to tourism development in peripheral areas that is better able to account for the complex system of value creation in tourism experiences. The application of these adjustments is discussed in the following section.

### **3.3 Discussion**

In the evaluation of tourism, the value chains approach can benefit from important insights from previous and current discussions about development in peripheral destinations, including the theoretical and methodological development of several disciplines. Following a review of the literature, three conceptual adjustments were made to the value chains approach, by acknowledging that: the product which generates value is a service which the mobile consumer accumulates through the chain; the final experience is a unique combination of natural and cultural attractions; and the experience is influenced by the heterogeneous social relations which are found at the destination. In the chains of goods, social relations may be influential in the places where the raw materials are produced. In tourism it is the encounter between the consumer and the final service that causes the greatest problems (Monreal, 2002).

As for the driving force it might be said that these chains are buyer-driven and the asymmetries of powers and incomes are similar to those found in physical chains. Nevertheless, only a small part of total tourist spending goes on the final services. And this produces a battle for control over the resources that deliver value between local agents and those who operate outside it. This is discussed in more detail in the fifth and sixth chapters. The cradle to grave tourism production process has been reformulated to include both the pre-preparation and post-consumption stages, which broadens the chain's boundaries. The insights provided by the concept of global value chains are valid for tourism, including the intentionality of the linkages, the sequence of imperfect markets and the dominance of the driving force.

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# 4

## Research Context and Methodology

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## **4.1 Introduction**

The empirical research for this study was mainly conducted in Leticia, capital of the Colombian Department (State) of Amazonas. This case study was selected as representative of the development of tourism in the Amazon region.

This chapter begins with a presentation of the research context, first considering tourism in Colombia and then tourism in the local, Amazonian context; the section is complemented by a description of the study area. Following that come the methodological considerations, beginning with a review of the methods used in comparable studies and then detailing the methods used in the current study. The chapter concludes with a presentation of the author's experience in the study area and how this has contributed to the methodology used.

## **4.2 Research context: Social significance of tourism in Colombia**

This section presents a brief panorama of the social significance of tourism in Colombia. It contrasts the sector's dynamism in recent years with some persistent problems that cast doubt on any optimistic interpretation of tourism development. We then analyse the place of tourism to the Amazon in the context of the country as a whole.

### **4.2.1 State support for tourism and the optimistic interpretation of tourism growth**

State support for tourism in Colombia began with the founding of the Colombian Tourism Corporation in 1957. Twenty years later it was replaced by the National Tourism Corporation (Corporación Nacional de Turismo – CNT – a public industrial and commercial company). Some of the most significant recent developments in the sector have been the Sectorial Plan for Tourism 2003-2006, the meeting of the 17th General Assembly of the World Tourism Organization (or WTO) in Cartagena in 2007, the issuance of the National Tourism Policy in 2008 and of the Policy for Nature Tourism in 2012.<sup>4</sup>

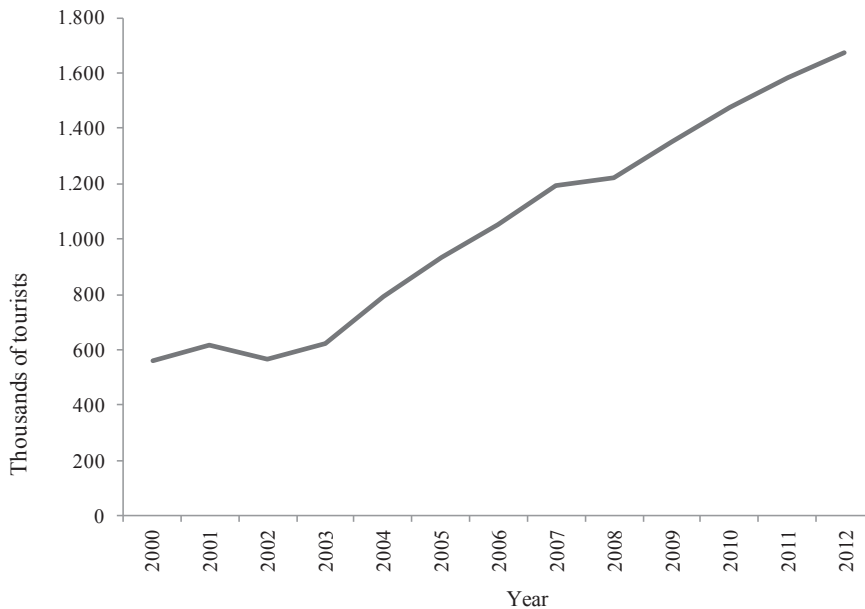
Tourism in Colombia has shown dynamic growth since the start of the new millennium. The hotels, restaurants, and services involved in tourism have changed from a marginal sector into one of the leading segments of Colombian commerce.

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4 WTO (World Tourism Organization, 2009). *Colombia de nuevo en el mapa del turismo mundial*. Available, in: <http://www.citur.gov.co>.

The start of the new millennium witnessed a recovery of the occupancy rates of Colombian hotels, which rose from nearly 40% in 2002 to slightly more than 50% in 2005. Over 90% of the hotels, which belong to Cotelco, have fewer than 50 rooms and account for 67% of total rooms.

Figure 4.1: Arrivals of foreign tourists in Colombia 2000 – 2012



Source: Ministry of Trade, Tourism and Industry (Ministerio de Comercio Industria y Turismo), 2012

The constant rise in the number of foreign tourists is another indication of the sector's dynamism (Figure 4.1). In 2014 Colombia recorded 2,565,000 international arrivals, compared with only 933,000 in 2005, a growth of 175%.<sup>5</sup> This dynamism has resulted, in part, from the further opening of the country to foreign trade, international promotion of tourism, and State policies. The past two presidents of the country (Alvaro Uribe (2002-2006 and 2006-2010) and Juan M. Santos (2010-2014) have devoted particular attention to promoting and improving the country's international image. In the opinion of the WTO (2009), the country has bounced back after being on the edge of the abyss. A recent campaign whose slogan is *Colombia: the only risk is wanting to stay*, has played a decisive role in the growth of tourism.

5 WTO (World Tourism Organization), (2015). *Tourism Highlights 2015 Edition*.

The promotion of Colombia as a tourist destination is generally based, on the one hand, on its wide natural and geographical diversity that includes several ranges of mountains, beautiful beaches with colourful seas, exotic desserts, and ‘virgin’ rainforests, among others, and on the other, on the enormous cultural singularities adapted to those environments.

The promotion of Colombian tourism in newspapers and magazines in the United States and Europe has been a notable feature of the sector since the beginning of this century (Plata, 2006). In terms of incentives, we should single out the thirty-year tax exemptions given to tourist facilities built or refurbished between 2003 and 2018; the Plan Vallejo, which reduces or eliminates tariffs on imported capital goods used for export services; and contracts which guarantee juridical stability (MINCIT, 2003). Nevertheless, the downside of these exemptions may be that they lead to a gap between supply and demand. Thus, since the year 2008 there have been warnings about the risks of a surplus of hotel capacity, which has to do with the fact that the demand of domestic tourism has not proportionally risen in recent years (Herrera, 2013).

The sector’s infrastructure has improved in important areas, such as the building of a new airport in Bogotá, the country’s main gateway, where more than 60% of foreign tourists arrive; the restoration of buildings of historic importance in the main cities; and the improvement and amplification of the highway network which links the country’s major cities. With a few exceptions, however, these highways do not meet international standards. Thus, land transport significantly lags behind and is a major disadvantage in view of the country’s enormous diversity of landscapes, climates, and regional characteristics. In 2005, an executive of a multinational courier company estimated that the cost overruns caused by the lack of an adequate transport infrastructure may reach 20%.<sup>6</sup>

For its part, the private sector has played a decisive role in tourism investment. One of the signs of this is the increased foreign investment in tourist projects in Colombia, both by international chains, which run large enterprises, and by small companies. Since 2003 foreigners have invested close to US\$ 500 million in the hotel sector.<sup>7</sup> In the past five years chains like Marriot and Hilton have opened or enlarged their hotels in Colombia. In 2012 the Pestana, Eurostars, and Hyatt chains opened hotels in Colombia and the Carlson Rezidor group will soon follow. Detailed analysis of domestic tourism in Colombia began with a pilot program undertaken between 2012 and 2013, the ‘Survey of Spending on Domestic Tourism’ (Encuesta de Gasto en Turismo Interno –EGIT), carried out in 13 of the country’s major cities (DANE and MINCIT, 2013). This survey shows that Colombian tourism is mainly

6 Dinero. (2005). *Revista Dinero*, Edición Especial.

7 Reportur. (2014). *La ocupacion hotelera se situara por debajo del 54% en 2013*. Retrieved December 13, 2013, from [www.reportur.com/colombia](http://www.reportur.com/colombia).

domestic, and travel to tourist destinations is mainly by road (90%: 47% by private vehicles and 43% by public transport). The rest, 9%, is by air (mainly in the business sector). Few tourists travel by water and railway travel is practically non-existent, due to poor infrastructure. Vacations (45%) and visits to relatives and friends (41%) are the main reasons why people travel.<sup>8</sup> The preferences of such travellers continue to be very conventional, insofar as their favourite destinations are the beaches of the Caribbean. A major challenge for travel agencies and tour operators is the fact that only 2.8% of the families surveyed made use of a tourism package, which is explained by their inclination to traditional tourist attractions and the high percentage of tourism in the category of visits to relatives and friends.

The expectations raised by tourism in the past decade have led to an outburst of thematic festivals in hundreds of towns and cities. There has arisen what Richards (2010) has called a kind of 'hyper-festivity' throughout the country, which aims to revive or make visible certain aspects of the country's impressive biological and cultural diversity. While it is true that hundreds of towns are now trying to become tourist attractions, the favourite destinations, and almost the only ones offered by international tour operators, continue to be the major cities and the traditional beach resorts (MINCIT, 2012a: 341). Going beyond such figures and expectations, however, the country must make an effort to overcome the important obstacles which stand in the way of the full development of the sector's enormous potential.

#### 4.2.2 Structural challenges for tourism development

Despite optimism about Colombian tourism, exploiting the country's enormous potential for offering new and traditional tourist products has been hindered by what we may call structural factors. The country's reputation for violence, due to its on-going armed conflict, is also a major problem for the development of tourism, even though it is limited to certain regions. It is recognized that one of the main causes of the armed conflict is the country's very unequal distribution of land and wealth. And tourism is a mirror of this situation.

A basic analysis of the statistics on hotel companies compiled by the Superintendence of Companies (Superintendencia de Sociedades) shows that the ten biggest enterprises account for 70% of total sales. In 2004, the hotels in the main cities in the centre of the country and one coastal city accounted for 73% of the tourism sector's gross production (SENA, 2006). Furthermore, between 2007 and

8 Pinot, M., Rojas, J. and Mora, C. (2013). Medición del turismo interno en Colombia: experiencia y retos. *Tercera Conferencia Internacional sobre Medición y Análisis Económico del Turismo Regional MOVE 2013*. Retrieved December 10, 2013, from: <http://www.eafit.edu.co/cec/congresos/move2013/>

2010, the average level of income of those who work in the sector was lower than the then current minimum legal wage (DANE, 2011).

Another issue is that the demand of Colombian tourists in terms of destination choice is very conventional. Most of the people prefer to travel, year after year, to traditional destinations, such as the Caribbean. In this context, and given the widely held beliefs about the Amazon, many people are still apprehensive about visiting emerging or ‘exotic’ destinations, like the Amazon, located in areas far from the centre of the country, which offer eco-tourism but also non-traditional attractions like adventure and visits to indigenous communities. In fact, as will be shown in chapters 5 and 6, the constant increase of tourists to Leticia since 2004 was due to the arrival of a transnational hotel chain. Therefore specialized products are still incipient, and according to Herrera (2013), seem to appeal more to foreigners than Colombians. In the case of the Amazon, the high expectations of the public authorities for tourism development are not matched by the real attention devoted to the sector.

Even though there has been a permanent increase in the number of foreign tourists, Colombia’s share in the American market continues to be very low (1.6%), and the main sources of foreign tourism essentially correspond to countries with which Colombia has the strongest trade relations: In 2011, travellers living in the Americas (75.4%) and Europe (16.9%) accounted for 92.3% of foreigners registered by the immigration authorities (PROEXPORT, 2013). New source markets, such as Asia, may have strong potential for the off-season, but this possibility is barely beginning to be exploited. It is important to note that the figures for tourists who visit the Amazon do not appear in nationwide reports, even though the number of tourists in Leticia surpasses those in some important intermediate cities.

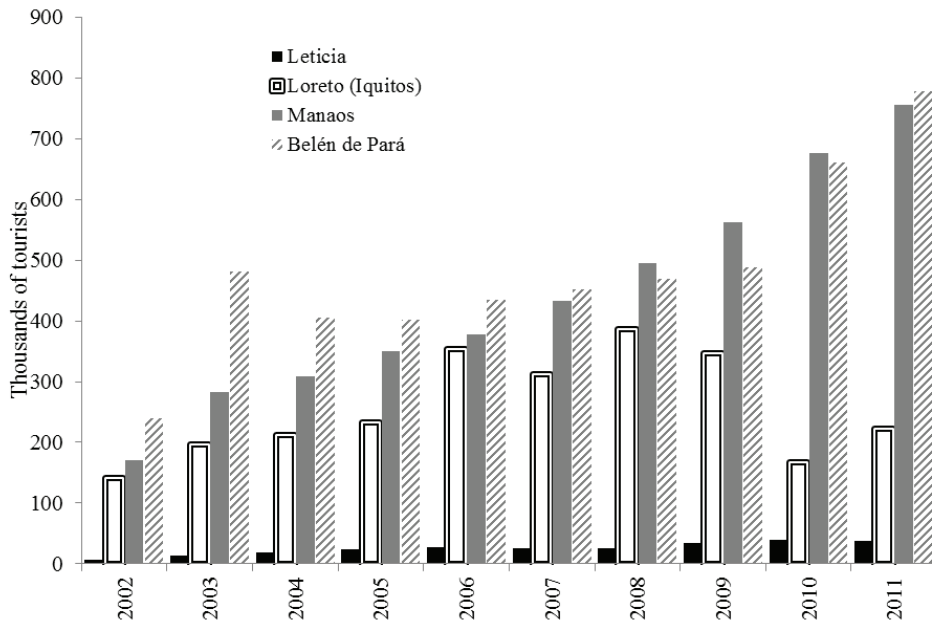
### 4.3 Case study context – tourism in the Amazon

The study area is set within the Amazon rainforest, also called Amazonia or Panamazonia, a region that extends over seven million square kilometres covering portions of nine countries in South America. This region is a heterogeneous mix of environments in which some of the world’s greatest biological diversities and cultures cohabit.

Tourism to four of the main cities located on the Amazon River, Leticia (Colombia), Iquitos (Peru), Manaus, and Belem do Pará (Brazil), rose by 500%, 150%, 400%, and 300% respectively, between 2002 and 2011 (Figure 4.2). For Leticia, foreigners accounted on average for 26% of the tourists in the past decade, and the number of tourists who arrived in 2010 surpassed the population of the town.<sup>9</sup>

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9 Data provided by the DAFEC for the years 2002 to 2011

**Figure 4.2: Tourists arrivals in the main cities along the Amazon River 2002-2011**

Source: Leticia (DAFEC); Loreto (Promperú; MINCETUR); Manaus (Amatour); Belén (Paratur, ABIH)

### 4.3.1 Study area

The area under study is Leticia (24,000 urban and 14,000 rural inhabitants), capital of the Colombian Department (State) of Amazonas (74,000 inhabitants) whose population is 41% indigenous, drawn from more than forty ethnic groups. It is situated at the south eastern tip of the country, on the border with the town of Tabatinga, Brazil (45,000 inhabitants) and the island-town of Santa Rosa, Peru (2,000 inhabitants). Around 95% of the Amazon Department (the country's largest: 109,665 km<sup>2</sup>) is made up of indigenous reserves (*resguardos*), National Parks, State Forest Reserves, and Reserves of the Civil Society (Reservas de la Sociedad Civil). The population density of the Department of Amazonas is 0.69 inhabitants per square kilometre. The Department lies in the tropical rainforest and its temperatures range between 26 and 33 °C. It has a relative humidity of more than 90%, an annual rainfall of around 3,000 millimetres and its altitude is between 80 and 300 meters above sea level.

The Leticia-Tabatinga conurbation is a centre of attraction for the population of the surrounding region and is the most important urban area between Iquitos (Peru)



and Manaus (Brazil). From the 19<sup>th</sup> century to the 1970s, the exploitation of natural resources, most of which were exported to foreign countries, played a decisive role in the local economy. These included quina bark in the mid and late 19<sup>th</sup> century, wild rubber (the late 19<sup>th</sup> and early 20<sup>th</sup> century), and more recently, skins, fine woods, and edible and ornamental fish. During the 1970s and 1980s, the trade in cocaine paste caused an economic boom in which the manpower of the indigenous populations was employed.

These different booms or *bonanzas*, as they have been called, have led to the constant ups and downs of the economic and social life of the Amazon. As a frontier region, the Leticia area has a strategic role, which explains the presence of a considerable number of civil and military public institutions.

The striking phenomenon of having such a vast region with open borders comes as a consequence of various factors:

- i. The isolation each country's Amazonian territory from its respective administrative core;
- ii. The sharing of long-established common interests, resources, opportunities, and challenges; and
- iii. The cultural, commercial, social, and kinship bonds established since the post-independence period and the consolidation of the nation-states.

The current study encompasses the dynamics of tourism in the nearby towns of Puerto Nariño, Colombia (7,000 inhabitants), Benjamin Constant, Brazil (30,000 inhabitants) and Caballo Cocha, Peru (7,500 inhabitants), as well as small indigenous communities (100 to 800 inhabitants each) in the three countries. The area can only be reached by air transport and by river from Brazil or Peru, and there are no roads or railways. Between 85% and 90% of tourists arrive in the region by way of the airport of Leticia; the remainder arrives by river from Manaus or Iquitos. Currently in Leticia a large number of State institutions and organizations are the main source of employment and income. Other income sources, like fishing, are limited by being highly regulated (like timber extraction), or difficult to maintain, like agro-industrial enterprises. Companies face many difficulties in consolidating productive linkages and finding dynamic markets on a local level.

In this context, the potential offered by the development of tourism is regarded as one of the most viable ways to generate income, employment, and economic development. The number of visitors to Leticia rose from 6,000 in 2002 to nearly 38,000 in 2011 and 61,000 in 2014. The constant increase of tourists is one of the most important occurrences in recent years and evidences the surprising and growing incorporation of the Amazon into global tourism. In the department of the Amazonas, the share of the Gross Domestic Product of the *Hotels, restaurants, bars and similar*

*businesses* sector is 6.3%, which is much higher than the average for the country as a whole (3.1%) (MINCIT, 2012b). The tourist sector is, after the public sector, the main source of jobs in Leticia, employing 283 people<sup>10</sup>. About 200 people are directly employed in hotels there. The agents which participate in the tourism sector in Leticia may be divided into: 31 travel and tourism agencies, 34 travel operator agencies, one wholesale travel agency, 59 lodging and hospitality establishments, one tourist representation office, 44 tourist guides, and a theme park. The hotels are of a small size: the capacity of the largest is 50 bedrooms. The Amazon destination has an ambiguous role in Colombia. While the Amazon jungle is regarded as a war zone, where ‘the kidnapped rot away’, Leticia, a small town located in the middle of the jungle at the southernmost point of the country, is considered one of the safest cities in the country and one of the most promising places for tourism.

### 4.3.2 Indigenous settlements in the Amazon

The indigenous settlements in the study area have a population of 50 to 900 people, and the tikuna ethnic group predominates, though there are also people from several other ethnic groups like the yaguas, cocamas, uitotos, among others, and a smaller percentage of mestizos. These communities are located on the left bank of the Amazon River, in the south of the Amazonian Trapezium of Colombia, which borders with Peru and Brazil. The tikuna communities count around 35 thousand people which are widely distributed in this tri-border area, mainly in the Amazon River banks (Goulard and Barry, 2012) and the mobility of the tikuna people among settlements is very common (Goulard, 1994).

The motivation of indigenous people is in the first place to satisfy the daily needs of group members and second to access institutionalized education and health services and satisfy consumption needs. Group solidarity may involve the sharing of benefits and work, and participation in joint ceremonies. They form groups to undertake communal work and to help out some relatives or friends. However this tradition, called *minga*, is becoming weaker and in some cases individuals participate only if the work is paid.

The participation of these societies in the market is strongly mediated by their cultural system which determines the way they enter into the market, the frequency of their work and the intensity of their articulation to economic activities, all marked by at least two characteristics: First, their subsistence economy and traditional social relations based on reciprocity between families and the solidarity group. Besides being pluriactives the forest dwellers societies are generally anarchic (Gasché and Echeverri, 2004). One example illustrates that expectations of indigenous people

10 Lozano, J. I. (2012). *Leticia productiva y competitiva. Plan de Desarrollo Municipal 2012–2015*. Retrieved May 5, 2012, from <http://leticia-amazonas.gov.co>

of their participation in the markets, in this case the tourism, can differ from other market agents. We often go to the street market on Saturdays to buy products from the indigenous people. Sometimes, buying fruit, that costs one dollar, from a market vendor friend there, she gave us another one, as a gift, that she usually sells for two dollars.

Second the indigenous populations have a historic dependence on the market, where new forms of work linked to the tourist industry have arisen, like acting as guides and hotel employees, producing crafts work and selling their produce to hotels, among other activities (Tobón and Ochoa, 2010). These factors govern their relationships with the agents in the tourist chain. The historical link of these populations with the market and national societies have induced strong changes in their way of life, profound losses in some traditions but also the decrease, to an important degree, of practices such as agriculture. All of these situations have had the consequence of increasing their dependence on market goods and services, sometimes compromising their food safety and autonomy. In preliminary field inquiries with indigenous persons from different groups (tikuna, uitoto, muinane), they said that there is no specific word for 'tourists' in their language. According to them tourists are generally thought of as people who visit the communities, just as other groups do (e.g. researchers), but tourists are characterized by the limited time they spend in the settlements and generally by their restriction to a limited area: the spaces especially created for the tourist encounter.

### 4.3.3 The indigenous reserve of Macedonia

Macedonia, the largest settlement on the banks of the Amazon River between Leticia and Puerto Nariño, was chosen as the location to do an in deep analysis because it has become a major centre for the production and sale of crafts in the study area. It also has been one of the most dynamic settlements in tourist activity in recent years; a stop in this settlement is included in nearly all tours. Around 240 tourists visit it daily in the peak season and some 60 in the off-season (Aguas, 2012). Although it is not the closest settlement to the Amacayacu Park, many of the inhabitants of Macedonia and their families have permanent links with it.

The Macedonia indigenous reserve of about 34 square kilometres is located 60 kilometres from Leticia and has a population of approximately 800 inhabitants, the majority belonging to the tikuna ethnic group, with a minority from other ethnic groups and mestizos.<sup>11</sup> The community was settled around 1930 by a few tikuna families living nearby who had moved there initially because of the abundance of turtles, later relocating to the higher mainland due to a big flood of the Amazon River

11 While the figures on the percentage of tikuna vary – 72% (Riaño, 2003), 63.3% (Buitrago, 2008) and 71% (Gómez, 2009), all studies confirm that the Tikunas are the majority ethnic group.

(Buitrago, 2006, footnote 16). In 1983 the *resguardo* was legally established. Besides their 'traditional' skills, the inhabitants have become skilled craftspeople who work with wood, seeds, fibres and tree bark. Protestant denominations, generically known as 'evangelicals' (*evangélicos*) in Colombia, have a strong influence and have played a decisive role in the foundation but also in organizational, political, spatial and cultural aspects of community life, to the point where traditional customs, like the tikuna female puberty rite, were prohibited (Buitrago, 2006).

A typical tikuna family is a household of six or seven people comprising the parents with their children, but it may also include one or two other relatives. Family obligations go far beyond the limits of the household. One of the main internal institutions in Macedonia, as well as in other settlements in the area is the solidarity groups for local exchanges. Traditionally the tikunas have married within their own ethnic group. The complex clan system known as the 'two halves' (the air and the earth clans) determines the clan to which every individual belongs. Marriage between people of the same half is not allowed. More recently the tikunas are intermarrying with other ethnic groups as well as with mestizos. But in these cases they try to 'tikunify' the outsiders in order to reinforce their power. Other traditions, such as those that state that the husband must live, at the beginning of the marriage, with his wife's family or nearby, are still very strong. This is not only a way to reinforce the prestige of the head of the household, but also a strategy for maintaining traditions because children can then spend more time with their grandparents (Buitrago, 2006). Clan interests exert strong power in territorial control and also in political and economic decisions (Buitrago, 2006: 44). In the words of Camacho (1995), 'the arrangement of the houses is made in accordance with family groups or groups of allies who share out their food and activities'. In a study about the organization of tikunas, Riaño's (2003) analysis of clan structure (household heads and their spouses) in Macedonia shows that there are strong hierarchies within the settlement.

Macedonia is linked to the global tourism chain mainly by the dynamics generated by tourism in the Amacayacu Park since 1985 and more recently, in 2005, reinforced after the Concession of ecotourism services in the Park granted to the Decameron hotel and the Aviatur travel agency. Tourism in the Park is based on a process of coordination with four nearby communities (Mocagua, San Martín, Palmeras and Macedonia), whose territory overlaps that of the Park, while another two are more distant (El Vergel, Zaragoza). The intensity of the relationship of these settlements with the Park have strongly depended on their geographical location (distance from the Visitors Centre), social relationships and the dynamic of each settlement in terms of their internal organizations and the technological adaptations which have led to specialized roles. Because of the complex situation of the region and the diverse actors involved in tourism, there is a need to adopt a range of research methods to adequately analyse the operation of the value chain.

## 4.4 Methodology

### 4.4.1 Review of methods used in comparable studies

Consequent with the overview presented in chapter 2, we attempt to combine two perspectives on tourism in peripheral regions: macro level analyses of global tourism are contrasted with analyses interpreting the social significance of tourism. In order to examine how the GVC of tourism in the Amazon region links the global and local scales and the economic, cultural and social perspectives, we need to analyse a number of different aspects of the operation and structure of the chain. We need to examine the local-global structure of the tourism sector, the process of adding value at different stages in the chain, the driving force (power and control), the role of the mobile consumer, the internal organization of local populations (institutions), and the influence of public policies. These different aspects of the GVC chains approach have been studied through a range of different methods, as will be examined in the following sections. Our examination of appropriate methods to analyse the GVC will include the methodological adjustments in terms of the mobile consumer, the incorporation of environmental and cultural elements and social systems, as described in chapter 3.

#### *Analysing the structure of the GVC*

The first methodological adjustment moved us from an analysis of commodities to the mobile consumer and to their experiences. Various studies have evaluated the value chain of tourist itineraries covering either local or global aspects. The FIAS and OECD (2006) analysed the value chain of tourism in Mozambique and identified three basic segments: source, transformation and the delivery of the service. Weiermair (2006) used a value chain approach to construct a quantitative model which allows one to search for dividends along the chain. The SNV (2007) analysed the value chain on the Trans-Asian Road 9 in Lao PDR and Vietnam. They handed out questionnaires to organisations providing lodging, food, stores, and excursions. They then examined the supply links in each segment and mapped the flow of money throughout the chain to determine the effects on the poor.

#### *Analysing added value*

Previous studies have employed a range of methods to analyse the accumulation of value in the GVC. For example, for the tourism chain in Mozambique, the FIAS and OECD (2006) evaluated three long haul itineraries, interviewed agents along

the value chain, and applied a questionnaire to public and private stakeholders. In the allocation of spending they showed that 75% is shared among three agents: the Portuguese tour operator (16%) who assembled the entire package, the domestic and international airlines (40%), and the hotels and resorts (19%). The local tour operators and service providers do not play a central role, providing only auxiliary services. These results are similar to those of Mitchell and Faal (2008) in their analysis of the London-Gambia package, with shares of 13% for the International Tour Operators, 36% for the airlines and 19% for the hotels, which adds up to 68% of the revenues generated by the chain. Some 16% was spent on food and drinks in and outside of the hotels at the place of destination. As happens in other chains, the biggest spending is on air transport (Sinclair, 1998: 14) and lodging (Clancy, 1998: 130), and the largest share of spending (between 60% and 70%) remains in the country of origin to cover the costs and benefits of the tour operators, travel agencies, and airlines (Sinclair, 1998: 30).

Mitchell and hi Phuc (2007) analysed the value chain of tourism in Da Nang, Vietnam. Employing a participatory methodology, they used interviews, working groups, and surveys of hotels, tourists (38), taxi drivers, and hostels. Kolbe (2007) applies a case study at the local level of tourism in Madagascar focusing on understanding the links between small and medium tourism companies. They used direct interviews and surveys of 52 tourists at the airport. One of the gaps in information was the failure to obtain information from external tour operators. Sandbrook (2010) used a structured interview of tourists and guides to calculate total incomes. Nevertheless, his estimates do not take into account the value of the money that the tourists pay to international tour operators.

Other authors have highlighted the importance of assessing the role of those agents which have a more direct contact with the host populations, such as anthropologists (Ingles, 2005) and tour guides (Salazar, 2012). Salazar undertook a long ethnographical study, which included extensive observations, accompanying the tourists, and living with local families. He also conducted semi-structured interviews with five people who trained the guides, 15 local tour operators, and 13 government authorities. The guides were indispensable for explaining the natural and cultural wealth of the destinations to the tourists; the tourists see the communities through their eyes and vice versa.

The identification of the agents, the processes implemented by each one, and the distribution of value among them all benefit from using several methods of compiling information. Interviews in the field at each of the nodes and of the suppliers of services and tourists, including participants with low earnings, allow us to track the way in which tourist spending is distributed. Subramanian (2007) suggests the use of a case study to collect qualitative and quantitative information in order to analyse the market, measure the performance of the chain, and establish



reference points. The direct interview is recommended for a study of the market and to make cross-comparison measurements of aggregate value, prices, time and productivity.

Summarizing, what appears to be a linear value chain analysis is transformed into something a bit more 'chaotic'. Given that production, distribution, and consumption are dispersed in several distant geographical locations, we confirmed the importance to evaluate the role of strategic coordinators (Monreal, 2002).

### *Analysis of control mechanisms*

The analysis of power in the chain benefits from various approaches that evaluate the control mechanism. As stated in chapter 2, from the earliest studies of tourism, the colonialist perspective on the development of tourism in peripheral regions was evident (Cordero, 2003; Britton, 1982). The importance of evaluating the historical patterns of development, showing technological change, commercial arrangements, and regulations, has been emphasized by several other authors (Pelizzon, 1994; Gereffi, 1994). We undertook a historical analysis of the situation in the Amazon through literature study, etc, etc.... Other studies have also employed different qualitative research methods. For example Buhalis (2000) provided a detailed description of the mechanisms of control exerted by large tour operators on small companies at the destinations. Through exhaustive fieldwork, which included 241 interviews with people at about 500 hotel establishments, he analysed the main conflicts between hotel owners and tour operators. He grouped the mechanisms of control used into nine categories: prices, legal protection of only one of the parties, bankruptcies of tour operators, coverage of contracts, diverting or sending consumers to competing hotels, payment delays, demands for high quality without corresponding payment, the late release of unwanted allocation, and the location of lodgings after arrival (Buhalis, 2000: 121).

Mosedale (2006), who regards the product from the standpoint of commodification, analysed the structure of control of the value chain for an English operator of tours to the island of St. Lucia. Using interviews with tour operators and suppliers involved in the package, he examined the chain, including the function of the main agents who participate at the origin and the destination. He inquired into the organization of the sector, the market structure, and the influence on control of the structure and the internal relations of the leading companies. Guzmán et al. (2008) conducted two case studies in hotels and travels agencies in Andalusia. They interviewed their directors and inquired into the characteristics of the company and institutional support, and the knowledge, relations and dynamics within the value chain. The dependence of hotel owners on tour operators (50% of their billings) is seen as one of the main weaknesses of the former. Their conclusion is similar to that

of Tejada et al. (2011), who applied the concepts of driving force and upgrading. On the basis of a qualitative case study and a survey of small firms, they tried to determine the mechanisms of the driving force to assess the kind of control structure found in the tourism chain in Andalusia (2011: 1640).

Erkuş and Terhorst (2010) also used a case study to analyse the kinds of control structure in the tourism chains from Holland to Turkey. They did ten in-depth interviews with tour operators, some of whom were the owners of travel agencies. They set out to understand the structure of the company, the structure of control among agents, and the specific reasons for each form of control. They established a scale of ten to zero, which allowed the interviewees to state the degree of control: Ten means that the tour operator completely dominates the other agent and zero that the agent dominates the tour operator, while five indicates that the power relations are equal.

In sum, while much attention has been placed on the evaluation of control mechanisms, little attention is given to the instruments that regulate and give shape (formal and informal) to interactions among the agents in peripheral tourism. In contrast, coordination among agents has received much attention in the analyses of value chains of physical commodities (Muradian and Pelupessy, 2005). One exception in tourism analyses is the study of Mosedale (2006), who collected information specifically on interfirm contracts and relationships.

### *Mobile consumers*

The power that transnational companies have on demand has received little attention in the evaluation of mechanisms of control. One of the main features of tourism as a commodity is that the consumer goes to the product. While the survey is one of the most frequent tools to investigate tourist planning, its potential for analysing the role of tourists as final consumers who add value and as a focus of control, has not been much exploited.<sup>12</sup> In the study of Buhalis (2000), it becomes evident that the strategic use of information is one of the main instruments to direct the consumers to one destination or another. Some authors acknowledge that, in addition to interviewing chain agents, surveying tourists is useful for making an estimate of their spending and determining which node may have less entry barriers (Mitchell, 2012). In the current study it becomes even more important to study the mobile consumers, since we focus on the tourist experience as the site where interactions between the main actors in chain take place. The experiences, perceptions and behaviour of the tourists are therefore very relevant in tracing the effects of these encounters on the tourism experience.

12 Surveys of tourists are frequently used, especially for planning, in some countries, like Spain. For more information see: [www.iet.tourspain.es](http://www.iet.tourspain.es)



### *Local populations*

Study of the local population is also important since in the Amazon they play a central role in the experiences offered to tourists. Many studies have contributed to the evaluation of how local populations participate in tourism. Some authors have highlighted the importance of long term ethnographic works (Salazar, 2006; Stronza, 2007) and collaborative research (Pereiro, 2012) for a more accurate evaluation of tourism in indigenous communities. In the work coordinated by Pereiro (2012) with the Kunas in Panamá, the importance of interdisciplinary groups including academic and native researchers is also evident.

In the present study, the analysis of local populations focused on understanding the significance that the communities give to their participation in tourism. Emphasis is placed on critically defining the term ‘community’, on the basis of the debate (Armstrong, 2012, Richards and Hall, 2000) on that useful but ambiguous concept. In that regard, it is valid to apply the concepts of internal or local institutions (Lapeyre, 2011; Williamson, 2000), reciprocity (Gasché and Vela, 2012; Gasché and Echeverri, 2004), and endogenous notions of well-being (Emptaz-Collomb, 2009; Gasché and Echeverri, 2004) to see how they clash or reaffirm themselves through tourism.

Collecting information from local populations can involve visits to the communities and living alongside families to compile rich data, revealing how the native populations act as an active agent in the chain (Kolbe, 2007; Mitchell, 2012; Mitchell and Faal, 2008; Sandbrook, 2010).

As a product of long interaction and extensive fieldwork in indigenous communities in the Peruvian and Colombian Amazon, Gasché and Echeverri (2004) and Gasché and Vela (2012) have proposed the category of forest-dweller societies (*bosquesinos* or *sociedades bosquesinas* in Spanish). With this category they refer to people who mainly live off the resources of the forest, regardless of their ethnic status. Despite being linked to world markets through diverse global chains of extraction, the *bosquesinos* still conserve an important foundation of their social traditions of exchange and reciprocity. These communities embrace people who are relatives by blood or marriage, in units broader than the nuclear family, which manifest themselves in *solidarity groups*. Productive relationships are organized through links among relatives who, honouring principles of trust and common blood, are responsible for undertaking joint work and maintaining the flow of exchange. The domestic groups form the central units of economic production. Their internal organization responds to the needs and aspirations of specific groups. In spite of some specific doubts, we consider the category useful for the objectives of our study.

To capture a more real situation of what happen inside the communities, we also applied the suggestion of Williamson (2000: 596-98) who proposes four levels

of social analysis. The first level is that of social integration, where we find norms, customs, ethics, and traditions, as well as social restraints like taboos, traditions, codes of conduct, sanctions, and customs. Religion has an important role at this level. Although the author argues that studies on the first level do not allow for the formulation of public policies, given the long periods of time which changes in these structures take (Lapeyre, 2011), it is precisely on this level that one finds a gap in the analysis which may also throw light on social change. The second level is the institutional ambit: the formalization of the rules of the game. Its importance lies in the fact that on this level the legislative, executive, judicial and bureaucratic functions of the government are located. The third level is focused on the governance of contractual relations. This goes beyond transaction costs, since governance may help to mitigate conflicts and improve mutual benefits. The fourth level is the ambit of neo-classical analysis, where the company is seen as a function of production.

This review of the methods adopted in previous studies of the GVC and in studies of peripheral populations indicates the wide range of approaches employed. Usually, however, individual studies tend to focus on a single methodology and a limited range of methods. Each of these tends to highlight just one facet of the value chain, or the perspective of a single group of actors. In the following section we describe the data collection strategy adopted in the current study, which attempts to provide a more holistic and multi-disciplinary perspective on the problem.

#### **4.4.2 Means of data collection**

As in many previous studies involving the analysis of indigenous populations, there is a strong argument for adopting ethnographic research techniques, which require a considerable investment of time in the field. For the current research, therefore, field research was conducted in the Amazon region from 2007 to 2010. This enabled the collection of a considerable amount of data generated through observation, interviews and informal conversations with the different actors in the field. These data in turn produced information that informed the subsequent stages of the research process, such as formal interviews with tourism suppliers and surveys of tourists visiting the region. By understanding in more detail how the tourist experience is framed and consumed, we were able to better frame and design the subsequent qualitative and quantitative data collection strategies. As the researcher also lives in the city of Leticia, information collected could be verified later through participation in institutional meetings as well as visits to indigenous communities. In view of the need to develop multi-disciplinary research, we created an interdisciplinary research group involving the participation of three master students: an economist, an anthropologist, and a biologist. Two of these students carried out their thesis research in two indigenous settlements involved in our analysis. Four other anthropologists,

a sociologist, and a forester participated in specific activities of gathering and analysing information. This process involved the collection of many different types of data, which are described in the following sections.

### *Sources of data on the (tourism) development of the Amazon*

Our initial empirical observations, as well as our reading of the literature on the development the Amazon, led us to consider that a better understanding of the current power relationships in tourism would require a review of the historical patterns of social relations in the region. Some authors on value chains also stated the importance of historical matters (Gereffi, 1994; Pelizzon, 1994). Therefore we drafted a chronology of the development of tourism in the study area, which was also supported by the reflections on interviews with key actors in the tourism system. Former officials of institutions and persons who were familiar with the origin and development of local tourism were interviewed. Further informants were identified through the snowball technique (Mosedale, 2006). Thus, interviews covered people directly or indirectly involved in the sector, as well as relatives and friends of Mike Tsalickis, a well-known leading businessman in the first stage of tourism development. Secondary sources were used to obtain information about the history of chain control. A review of official data sources was complemented by a review of local and national newspapers and a search of the Internet for information related to Tsalickis.

### *Case studies of the GVC*

The second method was the case study on a specific global value chain. The case study approach has been used successfully to obtain a more integral understanding of an agent, node, or sector (Tejada et al., 2011; Mosedale, 2006). The case study allows one to weigh structural pressures and social practices, based on specific and particular situations (Bramwell, 2011). The case study may include surveys or personal interviews (Erkuş-Öztürk and Terhorst, 2010; Mitchell and Faal, 2008; Travers, 2007; Kolbe, 2007; Clancy, 1998). The application of the theoretical framework was based on the case study of a long-distance package in the global tourism chain of the Hotel Decameron from its start to the consumption of the desired product.

In order to evaluate the driving force of the chain, we proposed focusing on the control mechanisms applied by the lead firms on local agents. Open-ended and semi-structured interviews with Decameron employees were conducted in Leticia and Bogotá between 2007 and 2010 to evaluate the role of the hotel chain in the local market and also the relationship with other agents at the destination region. In the Decameron chain the nature and characteristics of the enterprise and its mechanisms

of control, interfirm coordination (Mosedale, 2006), and promotion were studied. We inquired into its structure and integration processes (Dale, 2000; Mosedale, 2006) and its membership of a larger conglomerate.

The interviews with tourism actors played an important role in developing an integral vision of the global chain. Tourism managers in Bogotá and Leticia were interviewed about the way in which the final experience is structured and how it is defined, what kind of inputs are used and which agents supply them, and how their coordination functions. To understand the supply chain of the hotel in Leticia and determine the importance of its location on the border with Brazil and Peru, an open interview with the manager in Leticia was made by asking about the origin of the inputs for the different sections of the hotel (lodging, food, cleaning). The gathering of first-hand information from employees of the Decameron chain ran into difficulties, because they were reluctant to answer the questions. Some of the employees interviewed in Leticia said that it was forbidden for them to provide the information asked for. After answering some initial questions, the commercial manager in Bogotá even refused to answer any further questions.

To understand the influence of the hotel chain in Leticia and its coordination with other agents like small local hotels, travel agencies, and tour operators, the owners and managers of these businesses in Leticia were interviewed. The characterization of Decameron Hotels at transnational level was complemented by an extensive review on the Web, including the purchase of financial reports from commercial agencies. The sources are detailed in chapter 6. In Leticia, 16 semi-structured interviews were carried out with owners of travel agencies, managers of local tour operators and hotels, and officials of the Amacayacu National Park (Parque Nacional Natural Amacayacu) and the Amacayacu Concession. They were chosen because of their current or former relationship with the lead firm, their importance in the market, the size of their company, their role in the development of the chain, and the length of time operating in the region. Inquiries were made into the design of their tourist product, with an emphasis on the way in which the communities were incorporated into their product.

Information about the prices of the products was obtained from a market study. Additional data about incomes of the enterprises were obtained from the Mayor's Office of Leticia and the Chamber of Commerce of the Department of Amazonas. One of the weaknesses was the difficulty of getting access to agents outside of the region. This was solved with surveys in Bogotá of eight travel agencies chosen from the telephone directory: they were asked about their offer of products in Leticia to verify information collected in the field

To analyse the institutional framework, the role of local and national organizations, and the influence of policies, a diagnosis was made, based on structured interviews with the directors/representatives at the local level and a review of documents at the national level. Several interviews were held with the officials of the Amacayacu Park (National Park) to obtain information on the development of the ecotourism Concession and the coordination between Decameron, the Park, other institutions, and the indigenous communities. The list of interviewed agents both for the case study and the institutional context is given in Table 4.1.

**Table 4.1: Types and number of agents interviewed**

Hotel and travel agency	2
Travel operator agency	3
Wholesale travel agency	2
Local operator	2
Decameron Hotel & Decameron Explorers	4
National, institutional	6
Non-government, institutional	1
Local, institutional: Municipal/State	3
Retail travel agencies, Bogotá	8
Decameron wholesale agent, Bogotá	1

32

The interviewees were selected in accordance to two roles, those directly involved in the value chain and others that only participate indirectly. In the case of Decameron, we collected information at the various nodes of its chain (wholesale travel agency, tour operator, and hotel). In Leticia the three institutions that regulate tourism activities at the local level were interviewed, as well as six at the national level. The other hotels, travel agencies, and tour operators were selected for being the oldest in the town and for having a long-time relationship with the indigenous communities. The travel agencies in Bogotá were selected at random from the telephone directory.

### *Policy analysis*

The analysis of coordination and the influences of national policies on the sector have a starting point in the role of Amacayacu National Park, the only one with tourism services in the area. The interviews with Park officials focused on such aspects as coordination with the communities, the Amacayacu Concession, and tour operator agencies, as well as the implications of tourism for their mission of land management

and controlling and conserving the territory. One of the travel agencies, Aviatur, was chosen because of its relationship to the Decameron chain in the tourism Concession at the Amacayacu Park. The perception of the impact of the Decameron chain on their business, their decisions as market agents, their strategies for maintaining themselves in the market, and their prospects for coordinating some activities with the lead firm were asked for. The information was later triangulated with that obtained from other sources. To analyse the relationship of the control of the chain with the political sector, a review of the academic literature was complemented with information in Colombian newspapers and magazines (*El Espectador*, *El Tiempo*, and *Revista Semana*) and specialized newsletters on the Web such as *Portafolio*.

### *Participant observation*

Another source of information was the participation in several meetings and workshops on tourism planning in Leticia and Puerto Nariño. The analysis of coordination among the agents was greatly benefited by participation in (four) workshops for coordination among the Park, the Amacayacu Concession, the communities, and government agencies, as well as a forum held to evaluate the Concession.<sup>13</sup>

### *Surveys of the mobile consumer*

To analyse demand, an outbound tourist survey was designed to be implemented at the end of the respondents' trip (IET, 2004). The aim of evaluating demand was to confirm the degree of the global character of the chain, to find out aspects of control, and to assess the possibilities for innovation. The survey was organized into three parts: the first was the characterization of the tourists; in the second we evaluated issues related to control: the services (agents) used, the organization of the trip, the activities realized at the destination, and the distribution of spending; in the third we examined perceptions. The survey was applied when the tourists were leaving the study area and waiting for their flight in the departure lounge at the Leticia airport. Permission was obtained from airport officials. In the design of the questionnaire (see Annex), we reviewed surveys from approximately 20 countries (Spain, Argentina, Mexico and the United States, among others). The survey was translated into English and Portuguese with the idea of using it also at the airport of Tabatinga in Brazil, but bureaucratic obstacles prevented this.

13 Forum organized by the research group in conjunction with officials of the Amacayacu Park. Carroll, I. (2007). *Memorias del I Foro de evaluación de dos años de la Concesión de los servicios ecoturísticos en el Parque Nacional Natural Amacayacu*. Working paper.

The survey was carried out at the end of the peak season and the beginning of the off-season, with the assistance of a researcher and four students from the tourism program of the National Apprenticeship Service, who were previously trained to administer the questionnaire and inform respondents about its purpose. The surveys were checked on the day they were made. 295 persons were surveyed, of which 183 were identified as tourists according to the reasons for their trip. Some of the survey's results were checked by comparing them with those of a market study and the interviews with local agents. Among the most important questions were those about the organization of the trip, the breakdown of tourist spending, the activities and services provided by several agents (Mitchell, 2012), and the reasons for traveling, including the importance given to images (Judd, 2006; Clancy, 1998).

In order to establish the yearly number of visitors to the cities of Iquitos, Manaus, and Belén de Pará, it was necessary to review and constantly contrast information from several institutions. The information on the number of tourists was supplied by the Administrative Department for the Promotion of Ecotourism and Culture of Amazonas (Departamento Administrativo de Fomento Ecoturístico y Cultura – DAFEC) in Leticia. In Belén and Manaus (Brazil), data came from the Belém Convention and Visitors Bureau in Para and the Tourism Secretary of Amazonas, respectively<sup>14</sup>. The information on Iquitos and Loreto (Peru) was obtained from iPeru<sup>15</sup> and the statistics of PROMPERU.

This study ran into the problem that in Leticia specific information about tourism is minimal, and the little that does exist is not systematized or is not authorized for release.

Besides this 'macro' assessment of the structure of the sector our methodological proposal is complemented with perceptions of local populations. While the first analytic perspective presented in section 2.3 argued that tourism is a power instrument from the centre to periphery and the other one appealed for the inclusion of local points of view, surveys in the study area revealed that 90% of the communities are interested in participating in tourism.<sup>16</sup>

14 Additional information is found in: Departamento de Estudos e Pesquisas, Secretária Nacional de Políticas de Turismo, Ministério do Turismo. *Estudo da demanda turística internacional 2005-2011*.

15 <http://www.peru.travel/es>

16 Fundación Themis UNWTO (World Tourism Organization). (2010). *Análisis y diagnóstico del cluster Leticia y Puerto Nariño*. Draft. Similar testimony is also found in: Fundación Patrimonio Ambiental y Cámara de Comercio del Amazonas. (2005). *Diseño de productos turísticos para el Amazonas*. Final report.



### *The role of the local community*

In chapter 7 we address the questions of how the indigenous communities participate in international tourism, and what social changes does this cause; How do formal or informal institutions influence the possibilities and prospects for social and economic improvement?

The word 'community' is used in this dissertation as a generic term to denote a settlement where families from several ethnic groups live together, with one group predominant, and also including mestizos. Currently the families live in uni-familiar houses. All of them live in a collective territory called an indigenous reserve (*resguardo indigena* in Spanish), which is a legal concept, which applies to the administration of the territory, which basically means that it may not be sold or embargoed or alienated, because it is outside the land market. The legal authority of the *resguardo* is called the *Curaca* who is elected to represent the community before external organizations such as governmental agencies, NGOs, and the other communities. These reserves are an expression of the values of autonomy and the collective jurisdiction over a territory that seeks to protect the cultural and political autonomy of these populations. Nonetheless, different and at times conflicting interests are found in these settlements. These are the main features found in the concept of *sociedades bosquesinas* extensively developed by Gasché and Vela (2012).

Fieldwork in the indigenous communities included information gathered directly in four settlements (Macedonia, Monilla Amena, Mocagua, and La Libertad) and indirectly from four other communities (San Martín, Palmeras, Vergel and Zaragoza) associated with tourism in the Amacayacu Park. The methods used to gather information in the field were ethnographical techniques, such as interviews, focal groups, participant observation, surveys, and observations of tourism encounter. In Monilla Amena (Ochoa et al., 2009), in-depth interviews with the leader of the community's *Ethnotourist Centre* were carried out to inquire about the strategies for maintaining the project. Focus groups, surveys of tourists and travel agency owners, and participant observation were also used to understand the coordination of tourism inside and outside of the settlement. In Mocagua, incomes from tourism activities were analysed through the application of a survey based on recall, and a survey of ten tourist guides was used to determine their perceptions about tourist impact and their notions about conservation (Carroll, 2011). In La Libertad, the focus was the interaction between indigenous people, guides, and the tourists in tourist encounters (Gallego, 2011).

The fieldwork in Macedonia was undertaken mainly in the period between August and September 2009. Subsequent short visits between 2010 and 2012 were used to complete or confirm previous information. A total of 24 in-depth semi-structured interviews were carried out with members of seven families in Macedonia. Open



and semi-structured interviews were conducted with the members of the community to determine their form of participation. All the people interviewed were directly engaged in tourism activities as guides, craftsmen, or boat drivers. Additionally, we conversed with housewives and elderly women, some of them belonging to the aforementioned families. In the interviews we asked about their place in the family and the family's history in the settlement, their abilities and motivations, the nature of their link with tourism and the incomes derived from it, and the role that the family group plays in the provision of tourism services and also in the distribution of the benefits. Other questions were related to changes in traditional practices generated by tourism, previous experiences with other (externally driven) economic activities (such as the elaboration of coca paste and trade in wildlife), and the differences between these and tourism. The tourism encounter was constantly observed, and some tourist guides were also informally interviewed.

In addition to the data gathered from interviews, information about the incomes of indigenous people from eco-tourism activities and the sale of goods to the Amacayacu Concession from 2005 to 2011 was obtained from official reports provided by Amacayacu Park Staff. From these reports we analysed the detailed payments made by the Park and the Concession to each person in Macedonia. This information was analysed in the context of the organization of the settlements in family groups, in accordance with the category of *bosquesinos* (Gasché and Echeverri, 2004). Complementary data, as well as information about the revenues of the Amacayacu Park and the Concession, were obtained from balance sheets and Park reports. Some information on the incomes received by the indigenous populations was compared with data obtained from the surveys of tourists. The information was cross-checked through informal interviews with members of the community in Leticia and in subsequent visits to the community.

The empirical findings were supplemented by a review of the literature, which included a significant body of academic research having Macedonia as a case study (Buitrago, 2007; Nova, 2012).<sup>17</sup> In addition, we reviewed studies on experiences in

17 In addition to these articles, there are several academic theses directly or indirectly related with tourism in Macedonia: Herrera, C. (2005). *Artesanos pero indígenas. Representaciones de los objetos e identidad tikuna*. Master Thesis in Anthropology. Universidad de los Andes. Barbosa, C. (2006). *El desarrollo propio en Macedonia*. Master Thesis in Amazon Studies. Universidad Nacional de Colombia, Sede Amazonia. Buitrago, A. (2006). *Trayectorias vitales, memoria familiar y memoria histórica en Macedonia, una comunidad del Trapecio Amazónico colombiano*. Master Thesis in Amazon Studies. Universidad Nacional de Colombia Sede Amazonia. Gómez, M. (2009). *Viviendo en Efectivo. La economía de los Tikuna de Macedonia*. Master Thesis in Anthropology. Universidad de los Andes. Nova, G. (2010). *Más allá del encuentro con el 'Otro'. Dinámicas, actores y participación local en el mercado artesanal y turístico del resguardo Macedonia, Amazonas*. Thesis in Anthropology, Universidad Nacional de Colombia, Bogotá. Aguas, D. 2009 *op. cit.* It should be noted that several of the master theses were supervised by the author.

**Table 4.2: Place of the methods in the research**

Method	Period	Data	Research question	Phase of the GVC analysis
Initial field observations; informal interviews; review of literature.	2007-2008	Field notes; testimonies of elders.		Prior links of the Amazon to GCC
Desk research, review of literature	2007	Methods used in GCC researches and from other approaches.	(1) To what extent may the analysis of peripheral tourism benefit from the insights of several approaches? (2) What methodological adjustments to the approaches should be made to get a more precise analysis of tourism?	Application of GCC in tourism in other regions  Design of adjustments
Interviews with travel agents, tour operators and TNC.	2008-2010	Arrangement of product; coordination among agents; relationships with indigenous people; control mechanisms, profits	(3) How has control been used to incorporate nature and the native populations in the definition of the final product?	Identification of agents, analysis of relationships. Application of adjustments
Market research. Interviews with agents, review on the Web	2008	Prices of goods and services, profits	(4) To what extent does the market concentration of TNC amount to an obstacle for local companies?	Identification of no- market agents, relationships and influences.
Survey to tourists		Expenses, use of local/ external agents; organization of trip; images of the destiny	(5) How do national and international policies affect the imperfections of the market?	Analysis of influence of demand on the chain's agents and vice-versa
Gathering and analysis of secondary data from public institutions	2008-2011	Incomes of enterprises and communities	4, 5.	Evaluation of context of public policies
Observation of tourism encounters in communities	2008-2010	Performance of guides, tourists, and indigenous people.	(6) How do the indigenous communities participate in international tourism and what social changes does this cause?	Application of adjustments related with participation of nature and culture
Structured & semis. interviews with indigenous people (leaders, youths, elders). Focus group	2008-2010	Links to tourism (forms of labour); perspective; socio- cultural info.; internal organization; prospects for upgrade.	(7) How do formal or informal institutions influence the possibilities and prospects for social and economic improvement?	
Cross checking of data from travel agents, surveys, interviews, market research, and official informs	2009-2011	Use of chain agents; distribution of spending. Control mechanisms.	(8) What actions can the agents, implement to improve the performance of the sector and increase tourism's benefits on local levels? 4, 5	Evaluation of prospects for improvement

other parts of the Amazon (Peru, Brazil, and Bolivia), some of which are discussed in Ochoa (2008b).

The mix of methods used (interviews, participant observation, surveys, etc, allowed us to generate a more complete picture of the operation of the GVC of tourism in the Amazon region and its effects of the different actors involved. This wide range of methods also entailed the use of different methodologies (quantitative, qualitative, historical, etc), which was supported by the creation of a multi-disciplinary research team. The different methods also helped to operationalise the research questions in the study, as indicated in table 4.2.

### **4.4.3 Background of the researcher in the study area**

My first visit to the Amazon was in 1997, on an academic tour, when I organized a trip to Leticia as coordinator of a workshop on the environment at the Manizales Campus of Universidad Nacional de Colombia (UNAL). This experience increased my desire to live in the Amazon. After that, in June 2000, when I was doing my masters degree, I was selected to participate as a research assistant in *Amazonia 21*, an international cooperation project in which the Leticia Campus of the Universidad Nacional de Colombia was participating with partners from Bolivia, Brazil, Venezuela, Austria, Germany, the Netherlands, and the United Kingdom. During 2000 and 2001, I did in-depth fieldwork in Puerto Nariño for my thesis on Environment and Development. Once finished, I suggested that the UNAL in Leticia create an interdisciplinary research group in urban environmental studies, and I also was involved in some teaching at the University. These experiences motivated me to continue my training with a doctorate. From 2005 to 2009 I participated in a NUFFIC (NTP COL 100) project in which I developed this research. The PhD field work was conducted during 2007 – 2010. In the meantime, in 2008, I secured a permanent lecturing position at the UNAL in Leticia.

Living in Leticia allows the observation of tourist activity daily. Alongside the “main” fieldwork (2007–2010), friendship with many of the actors involved in the sector provided repeated opportunities to confirm (or to contrast) information gathered during the research, without the pressure of formal inquiries. Working at the University constitutes a remarkable opportunity to have open dialogues with researchers, market agents, tourists, and indigenous friends. As we said to these actors, the fieldwork sometimes comes to your office. The location of the University within the diverse rainforest opens the door to a constant spontaneous ‘multiple-knowledge dialogue’ (*diálogo de saberes* in Spanish). Nonetheless, this research also had to deal with the strong scepticism of some colleagues whose perspective on tourism is negative. In all fairness, it should be recognized that others have a more impartial perspective of tourism, corresponding to that presented in section 2.4.

My position as a teacher of the University in Leticia had two main implications for the research process. From one side, my presence in workshops with public agencies and tourism agents was seen as a way in which the university would take over several responsibilities for the improvement of tourism sector. From the other side, this allowed me to obtain more easy access to some kinds of (restricted) information, e.g. issues of coordination among local agents, distribution of profits, and market shares, among others. Nonetheless, I always explained to all the agents that my research was carried out in the context of a rigorous academic framework.

The generation of data with indigenous people was marked by a kind of naïveness due to my ignorance of specialized anthropological knowledge about them. Although I had much contact with indigenous people, in their communities as well as in the city, during the research I warned the indigenous interviewees that I was not an anthropologist, and that in my research I was interested in to analyse how their worlds and livelihoods become integrated into the tourism system, but also in to know their interrelationships with other market agents, the implications of, and their viewpoints about tourism.

## 4.5 Conclusion

The methodologies adopted in this study bring together a range of different scientific traditions, including insights from anthropology, economics and sociology. This was made possible by working with a multidisciplinary team. The multidisciplinary perspectives and the wide range of methods used were necessary because of the adjustments that were needed to apply the GVC model in the Amazon region. The GVC as it stands is difficult to apply because it takes a traditional economic approach based on the movement of commodities. In tourism, the implication of cultural, social and environmental factors into the value chain makes simple application of economic models difficult. The methods adopted here enable us to analyse the tourism experience from a multidisciplinary and multifaceted perspective. For example, the use of anthropological methods contributed valuable data on the social structure of local populations, their relationship with nature and their view of tourists. An important aspect of this is the analysis of communities rather than individual 'locals', because this mirrors how the indigenous people organise themselves and their relationship with the outside world. The more structured interviews with actors in the local and national tourism system helped to uncover the organisational linkages necessary to facilitate the mobile consumer in the Amazon, and were vital in addressing issues of value distribution and control in the GVC. The surveys with tourists helped to assess the nature of their experience and the extent of their contact and relationships with the local population. The surveys also helped to address the question of how much of the tourist expenditure was retained in the region.



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# 5

## Effects of control and the political context in tourism

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## **5.1 Introduction**

The aim of this chapter is to evaluate the tourism value chain to the Colombian Amazon focussing on the driving force, coordination and the political context, to answer the research question two presented in chapter 1: How has control been used to incorporate nature and the native populations in the definition of the final product? To what extent do the market concentration and presence of transnational companies amount to an obstacle – or an advantage – for the competitiveness of local companies? How do national and international policies affect the imperfections of the market? This question meets the specific objective two of this thesis: To assess the effects of control, coordination and the influences of the political context on the structure and dynamics of tourism sector.

The study of control of tourism chain to the Amazon is seen as an interesting case, for two reasons: First, because notwithstanding the negative effects of international extraction and trade of commodities on the environment and population of the Amazon, the considerable growth in tourism in recent decades has been strongly boosted by transnational companies (Lohmann and Trischler, 2012). Second, since the Amazon region is strategic for the countries of South America and for the world as a whole, political decisions on a national level and global pressures for conservation and development have a strong influence on tourism to the region. The vulnerability of the local agents in the face of external factors becomes clear, especially when their organizations are weak (because they lack horizontal coordination) and there is little knowledge of the peculiarities of regional problems at a national level and governments impose their own priorities on the region. Following this introduction, section 5.2 reviews the control and coordination in relation with the specificities of the tourism value chain and suggests a new category: the diversified coordination adapted for periphery regions. Section 5.3 resumes the relationships between control and the context of public policy. Section 5.4 presents a synthesis of the methodology applied. Section 5.5 suggests a chronology of the control of the tourism value chain in the Amazon and section 5.6 concludes the chapter.

## **5.2 Control and coordination in tourism in the Amazon**

As it was shown in chapter 3, transnationalization in tourism, characterized by processes of vertical integration, mergers and acquisitions was used as the main criterion to show how in other cases, airlines and hotels became the driving force of global tourism chains (Clancy, 1998). Other criteria, like the role in the organization of trips, majority share of the market, and control over agents at the destination,



supported that argument. However, assuming that the transnational corporations are by definition the driving force of tourism chains ignores important peculiarities that distinguish tourism from physical commodity chains, as is described in section 2.6.1. One of these is the confusion between control and coordination, derived from the application of the typologies of Global Value Chains. Therefore, it is still important to clarify certain aspects of the applicability of value chains approach in tourism.

### 5.2.1 Evaluating the type of coordination

On the basis of the typology proposed by Muradian and Pelupessy (2005) and taking into account the methodological adjustments posed in chapter 3 for the analysis of tourism development, we suggest that the evaluation of the relations between the agents in remote destinations, may follow one of the types of coordination below mentioned:

- *Market transactions*: Coordination is based on market prices and a clearly defined product. The sharing of information is minimal. This is the case of a travel agency buying an activity or attraction offered by a local enterprise.
- *Weak coordination*: There is an important sharing of information between agents. This information is transparent, and also there are clearly defined products and standardized repetition of transactions; an example is when providing transportation on the river, bought by a travel agency from a local provider, entails some kind of legal (formal or informal) contract.
- *Dependent (or strong) coordination*: A high level of exchange of complex and specific information and high switching costs (Muradian and Pelupessy, 2005). It may mean profits for both agents: *mutual dependence* (Barham et al., 2007), but also implies risks for one of the two: *high dependence* as in the relations between airlines and travel agencies (Appelman et al., 2002).
- *Vertical integration*: Specific and confidential information is exchanged, and the management aspects are controlled through ownership (Muradian and Pelupessy, 2005) or by the administration of the main inputs such as lodging through purchases of establishments, franchises and mergers. Clear definition of the products, processes, dissemination of norms and corporate culture are common. In its extreme form vertical integration encompasses common ownership of the travel agency, the tour operator, the airline and the hotel used by the tourist in his journey (Stabler et al., 2010: 116). We consider that there are other attributes of this form of coordination. Concessions for managing National Parks may favour vertical integration. Tourism packages are very likely. By providing specific information to the clients consuming the firm's services is likely that the firm uses the package both to exert some degree of control on the consumer and as a



channel to promote itself against the competition, as pointed out by some tour operators from Leticia.

### **5.2.2 Diversified coordination as a potential for improvement the local populations**

In some aspects the category of diversified coordination is similar to that of strong coordination, but we propose that remote tourist destinations have coordination attributes sufficiently different to merit a new category. This category differs from others in the importance given to those cultural and natural attributes of the local populations that strongly influence the tourism encounter as well as tourism development. These attributes include the specificity of the composition of the final experience, the nature of the interchange between the agents involved, and the complexity of information. We suggest diversified coordination, not just as a category of analysis of the relationships among agents, but as a wider proposal to be implemented by practitioners. This proposal includes specific attributes of remote destinations whose consideration can support the improvement of the relationships as well as the position of local populations.

Diversified coordination can be found, or implemented, in tourism projects involving native populations that conserve traditional social (and symbolic) relations of exchange and reciprocity. In these projects it is very likely that these populations are the owners of the territory where the final experience takes place. In the case of the Amazon, the native populations maintain a close relationship with nature, which at the same time enables them to conserve an important foundation for a subsistence economy. Their relationship with nature includes the notion of a physical and spiritual world and territory. They have an expert knowledge of the cycles of nature and are pluriactives which means that they are skilful at engaging in multiple activities to transform ecosystems, like slash-and-burn agriculture in short-lived food plots (*chagras*), hunting, fishing and food gathering all of them utilizing traditional knowledge.

Simultaneously these populations have a historic dependence on the markets. However these societies have their own notion of time, space, incomes, as well as accumulation and of handling of the time they devote to different activities, like work, rest or leisure, which sometimes clashes with the time requirements of tourist activities. norms and agreements on an international level contrast with the informality of the relations among the local agents who go in for non-standardized arrangements and depend in large measure on verbal agreements. It is necessary to consider the strong importance that internal organization and other cultural attributes play in the relationship of these populations with external agents and consequently in the designing and provision of final experiences. The diversified coordination implies

therefore long term exchange of information - which is specific, not easy to codify, and difficult to transmit - between agents with very different cultural backgrounds.

The transmission of information should there operate in both directions: First to the native communities about the 'external' norms, procedures and standards of the tourism industry, and second to the non-indigenous agents (including travel agencies, local tour operators and hotels) about the cultural attributes and internal institutions of the native populations and the implications of their involvement in tourism. Although training is very likely to be provided in the former case, in the latter it is absent or restricted to tour guides. It is widely stated that training for indigenous people can help them to enter into, or to reap benefits from, the value chain (Ashley and Mitchell, 2008). Christie and Mason (2003) suggest that improving the training of tour guides by providing them with a very deep knowledge of their subject should lead to a better learning experience. However, tour guides are not always those who coordinate with the communities; this task also could be carried out by local tour operators and travel agencies, who also transmit the destination's image to outbound agents. The participation of scientists in the coordination between tourists, guides, and communities by providing accurate information about local environment and cultures is likely and also recommended in order to improve the tourist encounter and to minimize its impact on local population (Ingles, 2005).

In the Amazon there are at least three cases that can be regarded as a diversified coordination including the attributes of local cultures. The first one is the long term process of coordination implemented between the Staff of the Amacayacu National Park and the six communities involved in tourism. This process is described in the section 5.5.2 and analysed in chapter 7. Another one is the success of a long-term joint-venture between an indigenous community and a tour operator to build and co-manage a hotel in the Peruvian Amazon, documented by Stronza (1999 and 2007). She highlights how transmitting information, even about common concepts such as ownership, can be difficult because it may well have a different meaning for indigenous communities. She also notes how power asymmetries could emerge (at the beginning of the project), given the belief in class and race hierarchies. The participation of an external organization was very important in order to interpret 'western' legal information to the communities. It also showed that through the long term sharing of information and mutual knowledge, entrepreneurs have become more aware and respectful of indigenous cultures, and a way has been opened for understanding that for the native populations upgrading in tourism does not only rely on economic profits (Stronza, 2007). This long-term coordination made the project successful. Preliminary observations in the field suggest that another example of diversified coordination is the Calanoa project. This project, also located in the study area, is focused on specialized and respectful tourism. It is based on a long-term

process of education, innovation and research that seeks environmental and cultural conservation.<sup>18</sup>

It is expected that the implementation of a diversified coordination will facilitate the definition of the experiences among the agents as well as its enjoyment by tourists. The evaluation of the previous categories of coordination can be made through the application of the following variables.

The variables for evaluating these forms of coordination are: *information, the mobile consumer, and the components of the final experience*. The importance of **information** lies in three characteristics: i) *Specificity and complexity* (according to Muradian and Pelupessy, 2005: 2031). Specific information refers to the activities and its attributes at the destination and its truthfulness. The more specific the tourism experience in remote (or exotic) destinations the greater the complexity of the defining variables, processes and standards, making them more difficult to codify. Diversified coordination is therefore likely (or would be preferable). Of special interest is the ability of local agents to adequately meet tourist expectations of the final experience and of travel agencies and tour operators to provide bona fide information about the destination to consumers. ii) *Control* refers to what agent controls the information and its intentionality in using it with the 'captive' demand, both to direct the flows (Buhalis, 2000) of tourists to a specific region (Buhalis, 2000) and to provide information about the destination. Control also involves the amount of information that is released to the customers (Ponte and Gibbon, 2005). Control is maximized in vertical integration, in which the lead firm exerts some control over the consumer. iii) *Difficulties in transmitting the information*: This merits special attention given the imperfections of the market when the final experience includes the participation of indigenous populations with traditional systems of social and economic reciprocity. It may involve extra costs of coordination given the differences between the local culture and the external managerial mentality. The codification of complex information to define the product and processes may require long (and sometimes expensive) periods of coordination, agreements and follow-up. Joint ventures between public institutions, private enterprises and local communities are a means to share the costs and risks involved.

The second variable to evaluate is the **mobile consumer**, who has two attributes meriting more detailed analysis: the passage through the different nodes of the chain and the possibility of entering the chain at different points. If it is accepted that the chain is activated by the decision to buy (Del Cid and Castro, 2002) or to contact a tour operator (Yilmaz and Bititci, 2006), one can ask what the implications could be of the different entry points for the distribution of power relations and tourist spending. Without the consumer, the chain is not activated: and only when the consumer passes through the different stages of the chain can value aggregation take place. The agent

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18 <http://www.calanoamazonas.com/home.html>

who controls the information and/or directs the demand has strong possibilities for controlling the chain. The leading companies control consumer demand and keep it captive through several mechanisms, such as access to, handling and availability of information (Buhalis, 2000). The analyses may reveal different features of the driving force, by compiling information about consumers at the final destination. Some of the aspects to be evaluated include: category of the tourist (individual, group, etc.); point of entrance into the chain; means of arrival, agents used, activities undertaken at the destination, way of organizing the trip, global trends (new modalities, ethical codes), spending, use of virtual resources (Internet), criteria and reasons for the trip.

A third variable is the *organization of the components of the final experience* in a distant/ isolated geographical location, which combines nature and culture. It is necessary to analyse characteristics such as the legal status of the territory, indigenous lands, reserves and natural parks, restrictions, conservation policies and participation of the native populations. Restrictions on land ownership, referring to the impossibility of buying and selling the terrain where tourism activities take place (e.g. in indigenous communal lands), can be one of the strongest barriers to entry.

The greater or lesser incorporation of these criteria into the coordination of the chain agents in remote destinations may foster or raise doubts about the social sustainability of a certain initiative. Although relations with the local agents are fundamental, the control and coordination are affected to a greater or lesser extent by the political context on different levels. In particular, national policies and international regulations may influence the consolidation of a company as a driving force.

### 5.3 The influences of socio political context in the control

Contrary to what the defenders of free trade argue, the global tourism chains are not only regulated by the market. They do not operate in a legal vacuum and the present approach allows one to see how a framework of policies and social conditions influences their performance. These could affect the chain structure and dynamics, make the entrance of new companies more or less difficult, stimulate or obstruct the distribution of resources, influence the power of the lead enterprise and the impacts on the final destination (Gollub et al., 2006). For one thing, it is clear that the agents at the destination are highly vulnerable to global factors when the local governmental structure and political context are not suitable for controlling and directing the sector (Mosedale, 2006). Therefore, the evaluation of the political context would not make sense without an analysis of the structure of control of the chain and the geographical

location aspects related to the combinations of nature and culture, which form the final experience.

## **5.4 Methodology**

Summarizing the methodology described in Chapter 4, the objective of this chapter is to evaluate the driving force and the influences of public policies on the sector. The discussion of mechanisms of control is complemented with an examination of coordination schemes or interfirm contracts and relationships (Mosedale, 2006). The dynamics of control by a transnational hotel chain and the implications of the political context are examined along with the responses of local establishments. This chapter considers two more features that may lead to the existence of different schemes of control. The first is the nature of the mobile consumer. Second, in distant or emerging destinations the final product is associated with ecosystems and participation of local populations. The information for this chapter was gathered in fieldwork during 2007 – 2010 in several interviews with local agents as well as personnel from Decameron in Leticia and Bogotá. The information collected in the survey of tourists was used to determine which and how many agents of the chain they used in the product and to estimate their expenses.

## **5.5 A chronology of the construction of a global tourism chain in the Amazon**

This section presents an analysis of the evolution of the stages in the control of tourism to the Amazon, the last of which is the period when the Decameron hotel corporation entered the region. Three phases may be distinguished in the control of tourism to the Amazon, representing different periods of the penetration of capital. Despite their differences, the global value chain approach shows their relatedness and gives the opportunity to assess the scope of the changes in the structure of control and coordination.

The first stage of tourism development was strongly related with the historical commodity chains for the extraction and commercialization of exotic species, timber, skins and coca paste. Even though the Amazon is regarded as an isolated region, the rise and control of tourism have resulted from strong international influences. In the second stage tourism in the region had been formalized as an independent sector, where small entrepreneurs played important roles. The third began with the arrival to Leticia of the transnational Decameron hotel chain. As will be briefly analysed, the expansion of this company has also been reinforced by operations outside the market and its entrance into the Amazon market was a result of a national policy for

increasing foreign investment and the weakening of environmental institutions in Colombia.

### 5.5.1 From ‘extractivism’ to tourism

Tourism in the Amazon arose in an already globalized form. To understand the current market and how its ecosystems and cultures were integrated into world tourism, it is important to make clear that its origins were related to global chains for the extraction and export of timber, skins, and wild animals to the U.S. In those days these activities were legal. Tourism in the region finds its roots in these activities, typical of the late 1950’s and throughout the 1960’s. At that time, there were four informal enterprises engaged in the commerce and exportation of wild live fauna for laboratories, a zoo, and Universities in the US<sup>19</sup>, as well as precious furs (*interview with A. Murillo*). The most important of these traders, a Greek-American, M. Tsalickis, came to the region in 1953, and took advantage of the tourism opportunities in the early 1960’s. Tsalickis is remembered in Leticia for having boosted local employment and for his philanthropic activities.

The decade when Tsalickis arrived at Leticia was also the time when some of the city’s most important urban projects were executed: the airport and the first hotel were built. The U.S. company ASA International Airline, which began operations in 1953, operated out of the city of Tampa (U.S.), a collection centre for Amazonian fauna. In 1957 M. Tsalickis and M. Oldenburg created the Aero Tarzoo Ltda. Company, which opened the Leticia-Barranquilla air route to expand the trade in fauna and furs (Picón, 2010). He developed two hotels in urban Leticia, and built another one on a small island, now called ‘Monkey Island’, 40 km up-river; he moved a few families from an indigenous group (the Yaguas) from Peru, and relocated them near Monkey Island, to provide an accessible attraction for tourists. It is interesting to note that a similar activity occurred during the same time in Iquitos (Baca, 1982). Actually the group in Colombia has been split into two communities with marginal impoverished participation in tourist packages. Currently they continue some of the traditional performances, showing wild animals and selling crafts, evidently dependent on the tourists provided by travel agencies and tour operators.

In 1972, one of the hotels, the Parador Ticuna, received approximately 160 U.S. tourists per month but it was necessary to enlarge it and the Colombian National Tourism Company financed 70% of the project.<sup>20</sup> There was already a precedent for such government support: M. Tsalickis took over the administration the first hotel that existed in Leticia, the Victoria Regia, which had been constructed by

19 El Tiempo newspaper, 1972 junio 09-8B “*En Leticia, Hotel en medio de la selva*”

20 El Tiempo newspaper, idem.

the Special Commissariat of the Amazonas. The wild fauna and skins commerce<sup>21</sup> coupled with the media-propelled persona of Tsalickis as a modern day *Tarzan of the Amazon*, sparked the interest of many in partaking in the Amazon. At this time the first tourism boom came into being and later flourished in the region. On the basis of the commercial platform of extractive global chains, the businessman began to promote tourism, mainly in the United States, and brought the first tourists to the region, as was confirmed by several interviewees. His contacts, flair for business and other circumstances allowed Tsalickis to consolidate his leadership in this first stage. Afterwards he began the modern-day advertising of the Amazon, aimed at the potential tourism markets of those days, and started to bring visitors in river ships from Peru and Brazil over the Amazon. The headline of an article published in the Bogotá newspaper *El Tiempo* in 1971 read “Leticia offers the country’s best tourist plans”.<sup>22</sup>

Tsalickis and his business became the driving force of tourism at this stage: He set the prices for the consumers, organized and provided the package, which included lodgings, transport, the length of the trip, and the activities at the destination, including the coordination of the work of the indigenous people. In 1988 he was arrested in Florida and sent to prison for 27 years as an alleged cocaine trafficker, bringing to an end the first tourism boom in the region.

### 5.5.2 The formalization of the sector

The second stage began in the mid-1980’s but was reinforced at the end of the 1990’s and beginning of the current century. It was brought about by the trade in coca paste that marked the local economy, since hotels were set up for the ‘lords of cocaine’ (*los señores*) (Seiler-Baldinger, 1988) and their associates.<sup>23</sup> An important change occurred after the office of the Governor of the Amazonas was restructured, with a 90% reduction of its staff as result. A significant number of redundancy payments. This stage became characterized by the creation of small companies, mainly hotels, agencies and operators, whose owners, without previous training or experience, carried on with the product ‘created’ in the previous stage: a combination of visits to the river, jungle and communities. In the mid-1990’s, the sector was formalized with the first official tourism plans, which, on paper at least, are still in force, and began to

21 The Natural Resources Code “Código de los Recursos Naturales” came into effect in 1974, making the activity of exporting wild fauna and flora illegal.

22 *El Tiempo* (1971), abril 30. Pg. 24.

23 People involved in the trafficking of coca paste (used to produce cocaine).



consolidate itself as one of the most viable alternatives for economic development.<sup>24</sup> Therefore several institutions began to intervene in the planning, formation and promotion of the sector (see Table 5.1).

**Table 5.1: Institutions related to tourism in Leticia**

Level	Name
National	National Apprenticeship Service, SENA, Amazonas branch
	National System of National Natural Parks
	Nacional Police- Environmental Police
	Alexander von Humboldt Research Institute
	Ministry of Trade, Industry and Tourism. PROEXPORT
	Universidad Nacional de Colombia Sede Amazonia
Regional and departmental	Chamber of Commerce, Dept. of Amazonas
	Administrative Department of Ecotourism Promotion
	Amacayacu National Natural Park
	Corpoamazonia
Municipal	Fund for Ecotourism Promotion of Amazonas
	Mayoralty of Leticia
	Mayoralty of Puerto Nariño
	Secondary Schools: Inem, Cristo Rey, Sagrado Corazón, San Juan Bosco, Normal Nacional
	Indigenous Associations: ACITAM and AZCAITA

The small entrepreneurs played a double role of control. They acted as travel agencies, tour operators, and some were hotel owners. They also controlled the consumer by managing the relations with most of the tourists in the region, organizing the packages, coordinating the different inputs for lodging, nourishing and transport, including the airline ticket, and set the final prices.

The design of the packages focused on day visits to the ecosystems and communities, so that the most profitable (local) segment of lodging remained concentrated in (their) urban hotels. In that way, the tourism market in Leticia was dominated by small companies, with the presence of some of the main agents of the hotel chain, such as a national travel agency and two airlines as exceptions. The transactions among local agents were based on market prices but depended on verbal agreements and trust between the parties. The coordination was minimal in the case

24 In an interesting exercise of coordination and planning, an inter institutional group designed the “Competitiveness Matrix for the Department of Amazonas as a Destination” (2005). In this it is proposed a local cluster, but it was never implemented, as had happened with projects given a priority in many previous and repetitive diagnoses (Ochoa et al., 2008).



of the indigenous populations and limited to a consultation of the *curaca* at the time of the visit by the tourists.

Map 1 Study area including Leticia, the Amacayacu Park and the six communities linked to tourism to the Park.

The beginning of ecotourism in the Amacayacu National Natural Park played a decisive role in the formalization of these relations. In 1985 the Visitors Centre (VC) of the Amacayacu Park was opened by the government. From the start, there was regular coordination on tourism with the six communities, of which three were located on the area of the Park (see Map).

Members of these communities were contracted as temporary personnel, providers of goods, foodstuffs, craftwork and guides. This process could be considered as a successful diversified coordination with indigenous communities. By the year 2004 a platform of work had been consolidated (León and Cortez, 2007), with an atmosphere of trust based on a common language and mutual acknowledgement (*personal interviews with indigenous people and the Park staff*). This process sought to create a tourism coordination that would be adapted to the special characteristics of the region and bridge the gap between two different cultures. In this way the mission of the Park and agreements on regional planning, environmental education and control on extractive activities were fulfilled (*interviews with Park staff*). This process of diversified coordination suffered a drastic change when eco-tourism of the Park began to be managed by a consortium in which participated the Decameron hotel chain and Aviatur (the biggest travel agency in Colombia), a process which marked the beginning of the third stage. The arrival of this hotel chain, analysed in section 5.5.3, shook up the local market.

The entrance to the market of the transnational hotel company affected the local agencies. It caused a fall of between 10% and 50% in the number of their clients (*interviews with owners*). After the initial blow, they reacted by implementing different market strategies, to enable them to carry on their activities with some degree of autonomy. Some 'upgraded' by creating a vertical integration on a local level, especially by opening small hotels and agencies in natural reserves of the Colombian, Brazilian and Peruvian territories. Later on, they implemented a weak coordination with the lead firm to reduce costs and maximize the surplus. But perhaps the most remarkable strategy was that some concentrated on certain market segments, through a direct contact with the main source market. For this they opened offices in Bogotá and started coordination with institutions, offering packages to specific groups such as students, retirees and companies in cities in central Colombia (*interviews with owners of hotels, travel agencies, and tour operators*).

### 5.5.3 Implications for control of the Decameron hotel's entry into the market

The third phase began in the year 2004, when the Decameron hotel chain entered the market. The company's activities in Leticia began taking advantage of the Colombian policy for boosting foreign investors' confidence. The activities in Leticia started with a direct request to its Argentinean owner from the president of Colombia.<sup>25</sup> The impact of the Decameron was immediately felt. In its first few years of operation it managed to seize hold of a fifth of the demand in the market. It was the main force behind the more than 100% increase in tourism in the next decade, which rose from 19,000 tourists in 2004 to nearly 38,000 in 2011. The hotel concentrated between 16% and 23% of the consumers between the years 2005 and 2009. Its revenues by far surpassed that of the other hotels in Leticia (Figure 5.1).

While the average growth rate for tourists to Colombian National Parks was on average 2.9% in the period 2010-2011, ecotourism in the Amacayacu Park, managed by a consortium of this firm and the country's largest travel agency, rose by more than 40%.<sup>26</sup> These increases, along with the growing promotion of the Amazon as a destination in Colombia led to the creation of establishments associated with the tourism sector. In 2002 there were 13 lodging establishments in Leticia, which rose to 41 by 2009. The increase in travel agencies and tour operators was also noticeable, rising from 12 in 2004 to 39 in 2009 and the number of crafts stores from 4 to 22 in the same period.<sup>27</sup>

By 2012 national statistics of the study area confirmed this growth. That year 31 travel and tourism agencies, 34 travel operators, one wholesale travel agency, 59 lodging and hospitality establishments, one tourist performances office, 44 tourist guides, and a theme park, located in Leticia, were inscribed on the National Register of Tourism.<sup>28</sup> The increase in the number of tourists and business of the tourism value chain in Leticia reflects the growth of the sector in Colombia. However, the situation in Leticia calls the attention because being an 'exotic' and isolated destination in a small town inside the forest, the activities associated with the sector, including the commercial and institutional ones, have been more intense here during the present decade than in other bigger cities in the country.

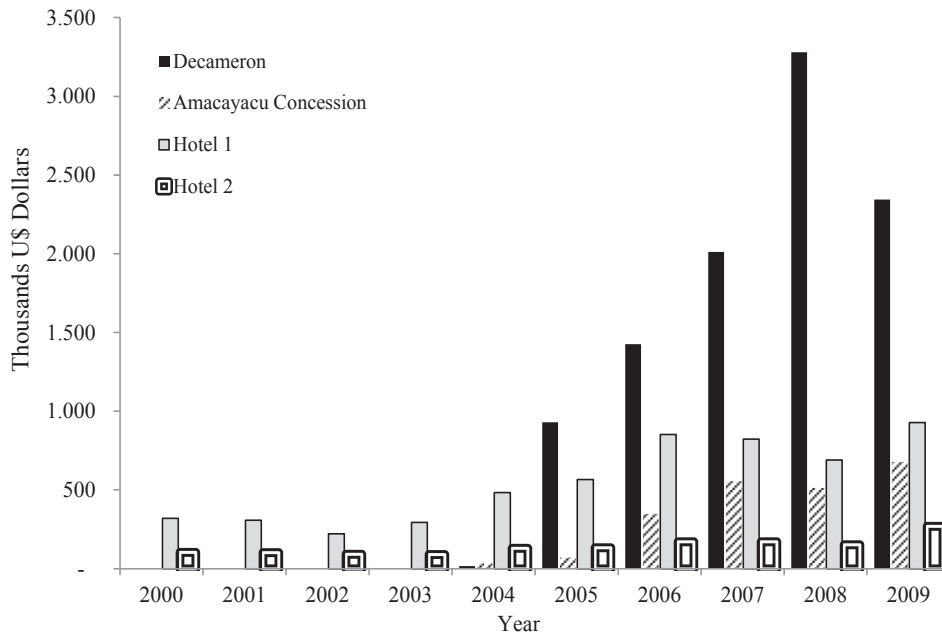
25 Presidencia de la República - *Consejos Comunales*. Retrieved Feb. 15, 2008 from <http://web.presidencia.gov.co>

This company contributed 100 million COP (around US\$50,000, to the campaign of Álvaro Uribe, who was elected president of Colombia in 2002; and 40 million COP (US\$20,000) to his successful campaign for re-election for the 2006-2010 term. In 2010 A. Uribe granted Colombian nationality to the company's main shareholder.

26 [www.mincomercio.gov.co](http://www.mincomercio.gov.co)

27 Estimates based on information provided by the Chamber of Commerce of the Amazonas.

28 Ministry of Commerce, Industry and Tourism. *Registro Nacional de Turismo*. Retrieved February 15, 2012, from [www.mincomercio.gov.co](http://www.mincomercio.gov.co)

**Figure 5.1: Hotels with the largest revenues in Leticia 2000-2009**

Source: Mayoralty of Leticia, Chamber of Commerce of the Amazon, and Parque Amacayacu

With the consolidation of the tourism value chain and its governance structure firmly established by the Decameron conglomerate, business appeared to be booming. Figure 5.1 shows the rapid growth of the revenues of the Decameron Leticia's hotel and the Amacayacu Concession. It is interesting to note that the highest revenues not only come from the fact that the hotel charges the highest prices but also its high rate of occupation. Despite its high quality level, it does not have the largest lodging capacity: 28 rooms and 54 beds, whereas hotel one has 50 rooms and 123 beds. The hotel in the category immediately below charges 34% of the price for a single room of the lead firm.

## 5.6. Conclusion

In this chapter it is highlighted the importance of consider the specific nature of the product offered in peripheral destinations. In the Amazon the experience is based on a specific product that combines in a special way the ecosystems and local cultures. This suggestion allowed us to understand the implications of historical patterns of control in current tourism.

The control of tourism chains in the Amazon is a consequence of the region's pattern of development, which has been strongly influenced by international markets during the previous century. It also reveals contradictions between the desire of the local population to participate in the opportunity tourism represents as a source of income, on the one hand, and the ideal of conserving the region's ecosystem on the other.

The category of diversified coordination is suggested to improve the relationships among the agents as well as a way for local populations to upgrade. In the chronology of control in the tourism chain in the Amazon, it is suggested that the adding of value has been based on the power exerted by urban tourism enterprises over indigenous populations. This issue is further developed in the next chapter through the case study of the transnational company Decameron.



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# 6

## **A case study of the Decameron global tourism chain in the Amazon**

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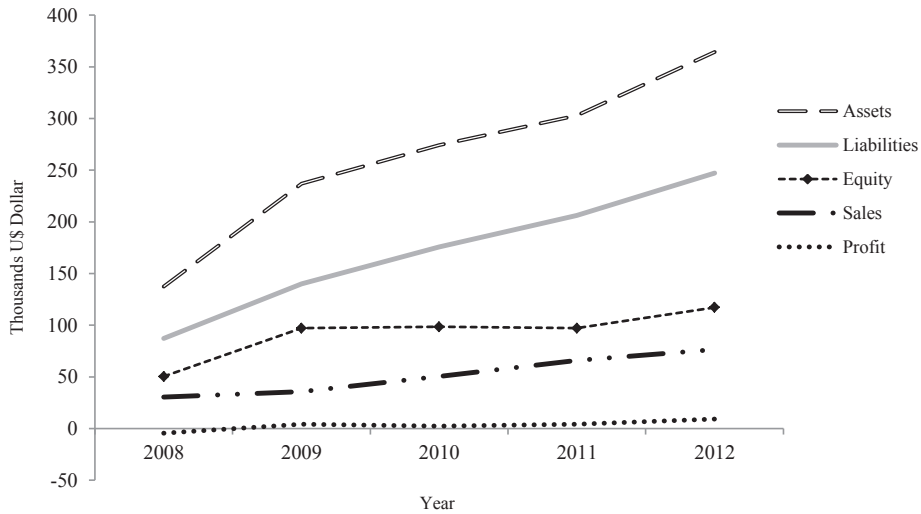
## 6.1 Characterization of Decameron Company

Decameron Hotels, with two main shareholders, the Argentinean Lucio García and Richard O'Connell, began operating its first hotel in Colombia in 1987. The company originated from the spin-off of the Colombian branch of Cassidine Investment, a Panamanian company.<sup>29</sup> Decameron Hotels is the main firm of a transnational vertically integrated group that adds value through implementing forward and backward linkages. The backwards linkages are its travel agency *Servincludidos*, which manages sales, product development, merchandising, and publicity; and *Multivacaciones Decameron*, its program of timeshare or pre-paid vacation service, affiliated to RCI (Resort Condominiums International). The forward linkage is the operator agency in each country: *Decameron Explorers*. The company also has 37 trade delegations in the Americas (Canada, United States, Central and South America) and Europe, which are responsible for channelling consumers and establishing alliances. The adding of value is complemented by charter flights and strategic alliances with airlines and large tour operators from tourist core countries (*interview with anonymous company official*).

These forward and backward linkages are the main tool for arranging its product. Because the transactions are coordinated outside the market, managers of *Servincludidos* can design an *all-inclusive* product with a very competitive price. With this main product, Decameron seeks to satisfy every possible need of its clientele via services the group itself provides to fulfil the whole tourist experience. Therefore, the client's payment includes besides lodging and F&B, tourist activities (excursions and entertainment) and local transportation. In the leisure segment related with tourism in 3S (sun, sand and sea) destinations, the hotel also provides recreational activities such as sports, dancing classes, and so on. Moreover, in some destinations the hotels are located far away from any town, thus reinforcing the customer's reliance on company services. Decameron's kind of tourism, as well as its supply scheme, has been the focus of criticism because it does not promote local development.<sup>30</sup>

29 According to its public Certificate of Incorporation in 1994 in Cartagena. Cámara de Comercio de Cartagena. (2012). *Certificado de existencia y representación Hoteles Decameron Colombia*. Retrieved January 25, 2014, from <http://bodegasic.sic.gov.co/radicaciones/documentos/Docs017/docs>

30 García, P. (2008). Río Hato: Una comunidad que lucha por su desarrollo. *Revista cultural Lotería 481*, 23-38. Retrieved February 13, 2014, from [bdigital.binal.ac.pa/loteria/descarga.php?f=2008\\_LNB/2008](http://bdigital.binal.ac.pa/loteria/descarga.php?f=2008_LNB/2008)

**Figure 6.1: Decameron Hotels. Financial overview 2008-2012**

As a transnational company the strategy of expansion runs independently of national borders and has taken advantage of countries or regions where there is a lack of all-inclusive products, where the company assumes the whole productive process (Ramírez and Flores 2006). This has led it to open hotels in strategic locations in ten countries in Latin America and the Caribbean (Colombia, Panama, Ecuador, Peru, El Salvador, Jamaica, and Mexico) and Africa (Morocco, Mauritania, and Senegal).<sup>31</sup> In 2013 Decameron had 8,775 rooms in 32 hotels.<sup>32</sup> Colombia and Panama are its main markets, with 15 hotels with 2,238 rooms and three hotels with 2,708 rooms respectively.<sup>33</sup> Its expansion has had a sequential development. Upon entering a new country, an initial hotel is placed and then consolidated, after which other hotels are opened incrementally, often through participation (e.g., loans and trusts) in each country's financial system. This expansion has been financed with loans from Colombian, Ecuadorian and Panamanian banks with mortgage loans on its hotels. This means of financing its expansion is reflected in Figure 6.1 which shows both assets and liabilities increasing in parallel over the last five years. Loans from other

31 In some international publications (e.g. Ranking Hotels 325) the company figures as Panamanian. [www.marketingandtechnology.com/repository/webFeatures/HOTELS](http://www.marketingandtechnology.com/repository/webFeatures/HOTELS)

32 Calculations made according with the homepage of each hotel. January, 2014. [www.decameron.com](http://www.decameron.com)

33 In *Ranking Hotels 325*, Decameron Hotels and Resorts appears for the first time in 2010 in position 187 with 6,075 rooms in 33 hotels. In 2011 it ascended to number 174 with 6,436 rooms and 35 hotels, and in 2012 it rose again, now to 153 with 7,977 rooms in 28 hotels. It is not clear why there is a reduction in the number of hotels, but it seems that some hotels that they expected open in Costa Rica were included in the 2011 ranking but not in 2012 or 2013; however these Costa Rican hotels are not registered in any Decameron site.



hotels in the group are also used to develop new ones. According to the destination's opportunities, the company uses different forms, from renting existing hotels to the building of new ones or the restoration of old infrastructure.

Control over the performance of subordinate branches abroad is strong. In each country, a company branch is opened and the brand registered using the country's denomination (e.g. Hoteles Decameron Ecuador S.A.) and each branch hotel can independently offer and sell its product and develop alliances with airlines. However in accounting and important decisions such as investments and buying, the hotels in Ecuador, Peru, Mexico, Jamaica, and Panama are subordinated to the main headquarters in Cartagena.<sup>34</sup> Such is also the case of Colombian hotels where booking is centralized in Cartagena; however each hotel is independently evaluated on its occupancy rate. This means, for example, that its two hotels in the Colombian Amazon, the Decalodge Ticuna and the Amacayacu Park, compete against each other (*interview with anonymous company official in Leticia*).

Located in the mass tourism market segment, the company fundamentally depends on high rates of occupancy (more than 70%) e.g. in the Decalodge Ticuna en Leticia, the occupancy is around 90% (*interview with company official*).<sup>35</sup> Therefore, in order to gain scale economies and also to control product quality, hotels in every destination rely on a supply chain scheme, with large volumes of supplies such as foods and beverages, which obviously depends on standardized international products. This scheme has a central coordination in every country, as happens in Colombia (*interview with manager in Leticia*). Accordingly, its impact on the strengthening of local supply chains is minimal. When a centralized supply chain is not used, Decameron's size gives it great negotiating power vis-à-vis local suppliers. Decameron's more recent strategy has focused on the proliferation of international mass events or business meetings and conventions. Accordingly, but without leaving out its *all-inclusive* 'identity', the company has been building, especially in well-known cities such as Panama, hotels with superbly equipped rooms, versatile meeting areas, business centres, spas, stores, and casinos.

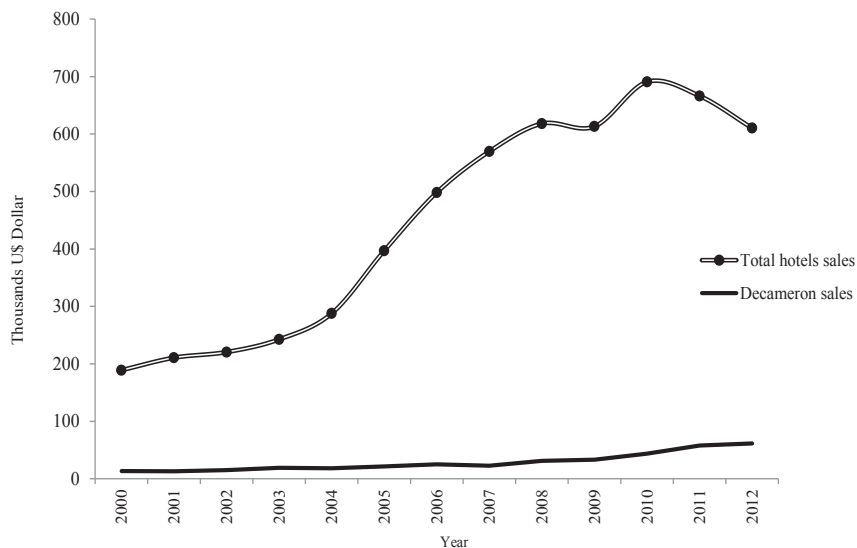
Nonetheless, room sales rely heavily on its other main business strategy: the pre-paid vacation program. Through *Multivacaciones Decameron*, the company channels a large number of clients to its hotels. In this program, the consumer buys a membership that consists of points that can be used in any of the Decameron hotels. Therefore, the pre-paid vacation system aims to increase hotel occupancy because the clients paid, at the beginning of the business, up to the 30% of the membership.

34 Cámara de Comercio de Cartagena. (2012). *Certificado de existencia y representación Hoteles Decameron Colombia S.A.*

35 Bolsa de Quito. (2012). *Fideicomiso Mercantil de Titularización Decameron Ecuador*. [www.bolsadequito.info](http://www.bolsadequito.info) (p.47).

After its beginnings in Cartagena, the most emblematic colonial city in Colombia, the company has become one of the leading enterprises in country's hotel sector. The company opened hotels in this country's main destinations such as the Caribbean (San Andrés, Cartagena, and Santa Marta), the Andes, the coffee region, and the Amazon. With the exception of 2001, 2004 and 2007 Decameron has experienced a steady increase in sales since 2000 (Figure 6.2). Between 2008 and 2012, its annual sales in Colombia increased about 19% on average. The yearly increment in sales has allowed it to increase its share of the sector's sales in the sector to 10.1%. In Figure 6.2 it is also clear that although hotel sales in Colombia decreased because the international financial crisis in 2008, also affecting sales in 2010 and 2011, Decameron's business was not affected and its sales continued increasing.

**Figure 6.2 Decameron sales vs. Total hotels sales in Colombia 2000-2012**



Source: Superintendencia de Sociedades (2013).

During the past five years, Decameron and Servincludidos have placed themselves within the five largest sellers in the lodging sector in Colombia. In 2008 and 2010 Decameron held first place, [the remaining years it has been second]. Servincludidos, for its part, has taken the third (2008), the first (2009), and the fifth places (2011 and 2012) in terms of sales.<sup>36</sup> The power of Decameron in the Colombian context

<sup>36</sup> Superintendencia de Sociedades. (2013). *Sistema de Riesgo Empresarial (SIREM), Balance general años 2008 a 2013*. <http://sirem.supersociedades.gov.co/Sirem2/>

is becoming more and more evident in recent years. Its foreign expansion has made an important contribution to the impressive growth of Colombia's Outward Foreign Direct Investment (OFDI) in the last decade (Poveda, 2011). Its expansion to the main tourist destinations in the country, increasing the competition, has led other (older) hotels to improve their installations and services, as happened in Leticia. In 2013, the Santo Domingo group announced the purchase of Decameron Hotels. This is one of the most prominent business groups in Colombia, owning a large variety of enterprises in the manufactures sector and also in the media, where it possess two of the most influent Colombian's mass media firms. This not only indicates the strengthening of the Decameron Company but also will reinforce the market concentration of the sector.

## **6.2 Adding value to arrive at the final experience**

The chain analysis highlights the importance of the geographical location of the activities, given that it affects the input-output processes, the relations between the agents, the control and how power and spending are distributed. The assessment of the role of the lead firm will be focused on a package with a long-haul itinerary sold to tourists by a travel agency in Europe. This has been organized by an International Tour Operator on the basis of the information about the services offered by the agency in Colombia, and the international travel ticket is added. A significant percentage of consumers establish the contact by searching through web sites (*interview with manager*). The information of this point and 5.3 was based on results of tourist's survey.

The final product or the Amazonian Experience is made up of the activities, which the Decameron Explorers tour operator organizes for the tourists in Leticia and includes visits to the jungle and the indigenous communities. However it is also important to note that the final experience varies, and is affected mainly by at least, three factors:

One, the end product provider relationship to the chain: indigenous communities' interactions with tour operators range from the passive reception of tourists, to self managed enterprises; this range of relationships tend to affect the interaction between the Indigenous End Product Provider and the consumer, and hence also affect the nature of the end product itself.

Two, the flood and low-water yearly cycles. In the rainy season the water reaches levels of up-to 7 to 10 meters above the summer water levels. These cyclical fluctuations transform drastically the landscapes, and thus the methods and routes of access, as well as the possible activities in the jungle. The rainy season allows canoeing through vast flooded areas, where the visitor can slide

along on water covered trails. It also gives access to places off-limits during the low water season. In the dry season fishing is more bountiful and trekking through the forest is less cumbersome.

Three, the inherent tourist/travelers specific interests, whether they be academic, scientific research, adventure, institutional, aquarium tourism, shamanic, or specific-hobby driven interests, such as photography, bird watching, fishing, among others – these all define what the end product might be.

It will become clear that the tourism product in the Amazon is highly malleable, dynamic, and a product of the interactions between the actors in the value added chain.

The wholesale agency in Bogotá organizes the package on the basis of the inputs and prices given by the hotel and the tour operator in Leticia. It includes the air ticket, negotiated with the airline in a wholesale transaction for 5,000 annual tickets which the hotel chain uses for all of its destinations (*interview with commercial manager*). This is the main input which allows for the organization of a cheaper package, since the price paid for the tickets is nearly half of the market value. The hotel chain is legally obliged to sell these tickets with a hotel reservation (*interviews with businessmen*). On the basis of the costs of lodgings, the tour, and the air ticket, the wholesale agency in Bogotá makes an estimate, adds the administrative fee, costs of publicity and commissions, and establishes the price for the public. By doing this, the firm organizes an all-included product, generating an economy of scale that ensures a high occupation rate for the hotel. The publicity and marketing efforts undertaken by the lead firm have given visibility to the Amazon destination in international markets. These campaigns include promotional tours to Leticia for foreign travel agencies. The agency coordinates the lodging in Bogotá (situated at 2,600 meters above sea level), an unavoidable stage of the air journey which increases the cost and time, and influences the decision to visit Leticia, because “*its altitude might be a problem for foreign tourist*”, an entrepreneur stated. The tourist travels the 1,200 kilometre distance between Bogotá and Leticia in a direct flight. Two airlines cover the route and offer daily flights. Copa Airlines, with which the lead firm coordinates the organization of its packages is a Panamanian airline allied with a U.S. company. The other one, LAN is a Chilean company. A price war between the two broke out, which forced a third airline Satena, a State-owned Colombian company, to leave the market since it was impossible for it to compete with the lowered prices. In this way the destination has still some weaknesses. Tourists have to travel great distances to get to the Amazon and to move between different destinations there: it is a high-cost product, with limited access to air transport and a low frequency of flights.

### 6.2.1 Break-down of tourist spending

The package includes four nights in the lead firm hotel, two daily meals and one-day tours consisting of short visits to indigenous settlements, the Amacayacu Park and the Isla de los Micos – the latter two are administered by the lead firm – and other activities of lesser importance. It does not cover the entrance tax paid by tourists when they arrive at the airport in Leticia. Table 6.1 outlines the agents and the share-out of spending of the whole package. A breakdown of the activities shows that 70% of the money spent remains outside of Leticia. However, another view of things would emerge if the leakages from lodging (14%), the organization of activities (2%) and tours (5%), also in the hands of the lead firm, were taken into account. There is a percentage, corresponding to payments made by the consumers outside of Leticia and payments for ‘imports’, which is subject to leakage. What it costs to arrive at the destination is far out of proportion to what is spent in enjoying the final experience. Discounting the cost of the hotel, which is not the final product, while it may be regarded as a tourist product in itself (Clancy, 1998), the percentage which is spent at the final destination is only 14% of total spending, approximately.

The percentage of tourist spending at the destination is shared out among multiple indirect participants, such as the suppliers of the agents, the employees of the subsidiary companies or independent workers as shown in Figure 6.3, in which the nodes of Decameron in the main channel are indicated by double borders. In the pro-poor tourism approach (Ashley and Mitchell, 2008)<sup>37</sup> it is argued that one of the biggest impacts of tourist local spending is given by the food supply chains and their linkages. In Leticia, however, it is one of the weakest linkages. The inability of the rural environment to support the increasing demand of food from urban growth, legal restrictions on the use of land, seasonal nature of food production, uneven nature of its supply and life style of the indigenous population raise doubts about that possibility. For supplies of locally grown foodstuffs, the lead firm resorts to daily purchases and the contracts with suppliers are still rudimentary. One example serves to show the weakness of this linkage: more than half the supply of fish for the Decameron’s restaurant is imported from outside the region (salmon). A more comprehensive picture of direct and indirect links within the chain shows that many local agents may in principle be involved (Figure 6.3).

37 See: <http://www.odi.org.uk/resources>

**Table 6.1: Break-down of spending of the global tourism chain to Leticia**

Input	\$	%
International ticket (includes taxes) <sup>1</sup>	770	33,5
Tour package (International Tour Operator /travel agency)	276	12
Insurance	50	2,2
Organization of package (Servincludidos Wholesaler Bogotá) <sup>2</sup>	130	5,7
Financial costs. Global markets (credit card)	18	0,8
Accommodation in Bogotá (two nights. Incl. Transport) <sup>3</sup>	160	7
National ticket <sup>4</sup>	220	9,5
Accommodation in Leticia (Decalodge Ticuna) <sup>5</sup>	340	14,7
Organization of activities (Decameron explorers) <sup>5</sup>	46	2
Food and drinks (Decalodge Ticuna) <sup>5</sup>	80	3,5
Total local transport (river & land) <sup>5</sup>	62	2,7
Final product. Excursions (Isla Micos, Amacayacu Park) <sup>5</sup>	120	5,2
Visit to indigenous communities (includes entrance) <sup>6</sup>	12	0,5
Local guides <sup>6</sup>	15	0,7
<b>Published price of the package</b>	<b>2.300</b>	<b>100</b>
Out of pocket expenses (purchases, craftworks, souvenirs, etc.)	152	
Tourism tax in Leticia	8	
<b>Total tourism expenditure</b>	<b>2.410</b>	

Source: 1. Market study. Interview in Servincludidos (Average price in Euros Madrid-Bogota-Leticia package, including taxes. Four nights in Leticia). 2. Review of balance sheets, market analysis, interview with Decameron's employees. 3. Market analysis. 4. Interviews with Decameron's employees and owners of local agencies. 5. Interviews with Decameron's employees and analysis of local market. 6. Surveys to tourists, interviews with indigenous people and field observations.

Outside the region

In Leticia

### 6.3 A survey of the mobile consumer

The Decameron conglomerate turned into the driving force, favoured by operations in and outside of the market. On its arrival, without any experience in the Amazon region, a consortium of the main five agencies from Leticia was contracted to operate the local tours and activities. The *Manguaré Consortium*, as it came to be known, organized the visitor's activity menu from airport reception to daily tours, and other activities, all the way to the airport check-in of the visitors' outbound flight. It was the consortium that designed, promoted, sold, and operated all tour packages offered as a highly specialized final experience. This effort of coordination was regarded as an initial step that would create a co-governance between the small local companies and the transnational one. A year later, as with other destinations (Buhalis, 2000)

the argument of incompetence was used by the transnational company to end the relationship with these suppliers, thus acquiring at no cost the knowledge and institutional platform built up by the members of the consortium through years of experience. The company opened now Decameron Explorers, its own operator agency that started its main and most vital strategy of control by vertical integration. This was favoured by the national policy context, as is analysed in section 5.4 on the privatization of ecotourism in National Parks. These strategies were also implemented as a way to obtain more control over the consumers.

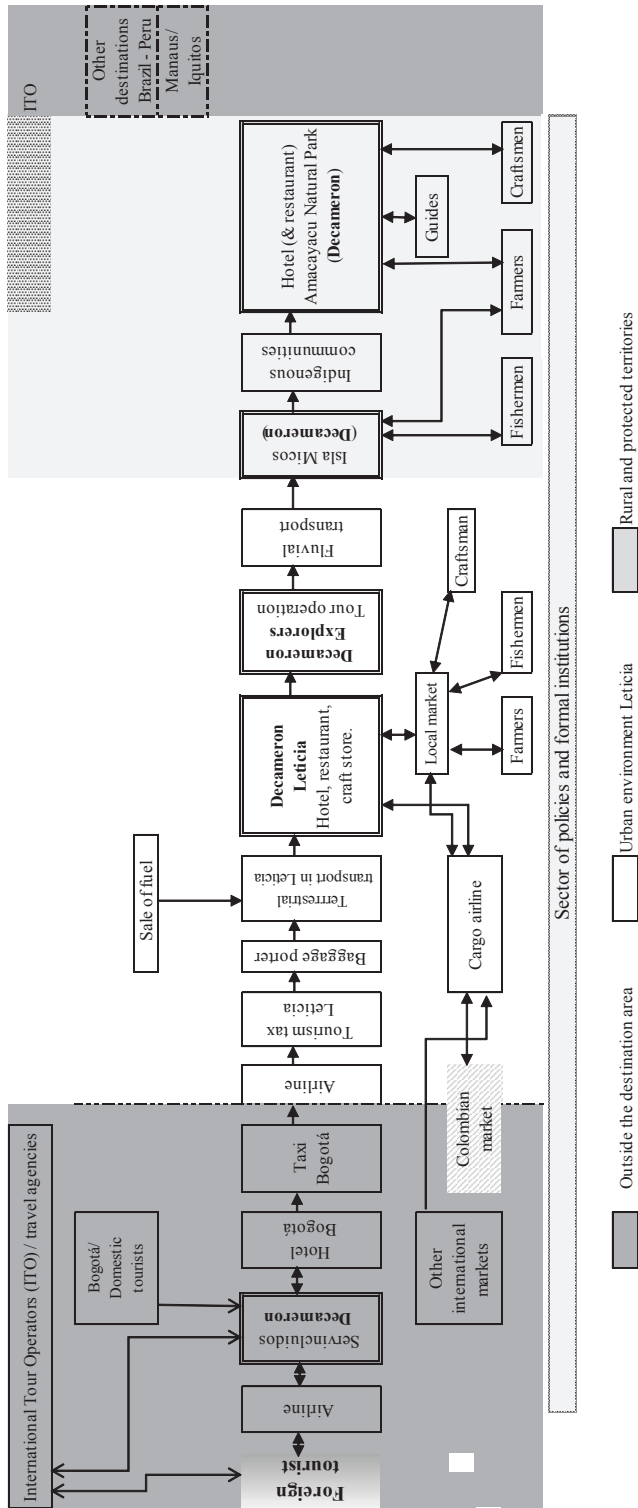
An analysis of the control exerted by the lead firm on the mobile consumer yields several interesting results. The access to, handling and dissemination of information to the emitting markets of tourists is the prime mechanism for control of the demand (Buhalis, 2000). The lead firm affects this imperfect market by making the destination visible and attracting final consumers in the countries of origin. Several interviews acknowledged that by promoting its package in foreign countries, the firm boosted the attraction of the 'Amazonian destination' and gave visibility to local companies of low resources and capabilities (Bastakis et al., 2007). This is confirmed through the influence of the image of the Amazon in the choice of the destination.

The survey enables us to confirm the entry point of the tourist, as well as the roles of the controlling agents in organising the whole product and of those agents supplying the final experience.

Similar to Manaus (Janér, 2012), our survey showed that the main reasons tourists chose this destination were: the Amazon River, the Amazon jungle, and wildlife, followed by the indigenous communities. The tourism packages meet precisely those expectations. Therefore the main activities of tourists at the destination, as they confirmed in the survey, included very short visit to several communities, mainly to buy 'traditional' handicrafts, a stop in some ecosystems and sometimes a short hike in the forest. These activities are normally organized in a one-day round trip. The majority of the respondents answered that they felt very well about the experience, especially getting to know the Amazon River and forest. However, the visit – short as well as artificial – to the indigenous communities, largely criticized by academics and some tourists (mainly foreign), is an activity with which the interviewees didn't express the same satisfaction.

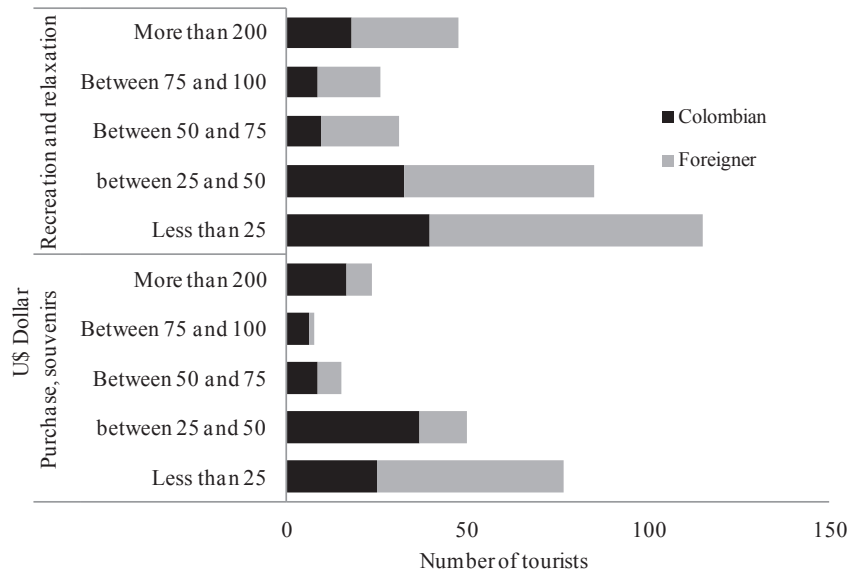
Given that the visits to the communities have been an externally designed product (that is, one created by travel agencies and local operators without consultation with the communities, as will be analysed in chapter 6), this situation confirms the importance of diversified coordination.

**Figure 6.3: Agents (direct and indirect) in tourism chain and their relations**



Compiled on the basis of interviews with owners of travel agencies and local operators, field observations and surveys to tourists



**Figure 6.4: Average spending per tourist, by activity**

Source: Surveys with tourists

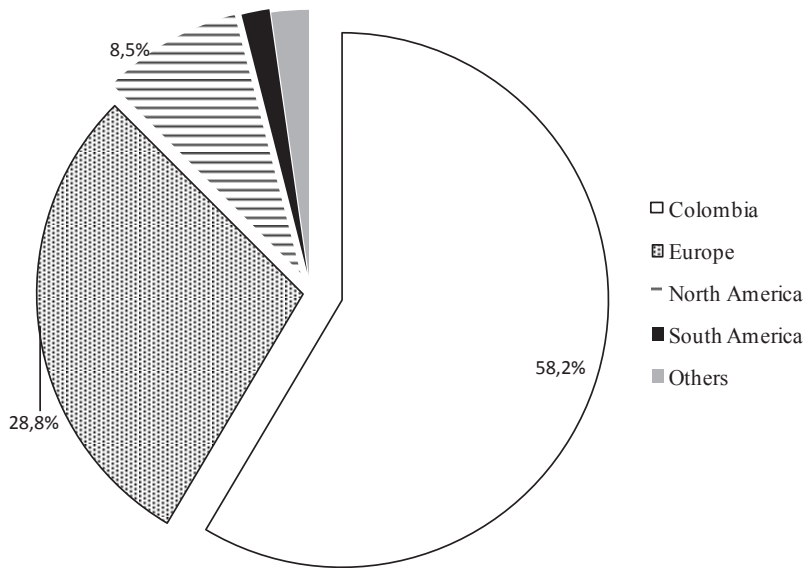
An estimate of total spending, less what is paid in the country or city of origin, gives an idea of the money which remains in the destination. It shows that approximately 28% remains in the destination. Figure 6.4 indicates how Colombians spend more on souvenirs (mostly craftworks) than foreigners. Observations in the field confirm that foreigners are more reluctant to buy craftworks or may also buy cheaper (smaller) products.

The surveys show that 75% of the Colombian tourists bought a package, while more than 50% of the foreign tourists did this. It is true that almost 50% of the foreign tourists did not use a package, but they did contact the hotel. From 12% to 15% of the latter arrived in Leticia in an independent manner, traveling by river from Manaus or Iquitos. Moreover, some tour guides for South America recommend making the so-called 'mythical' journey from Tabatinga to Manaus. With Leticia as a stopover, the voyage up- or downriver between those two cities is a popular route for tourists to the Amazon or South America in general, and they use some agents in the chain.

Another control mechanism is to keep the tourist on the same premises most of the time, by offering attractions like the replica of an indigenous *maloca* built there, which competes with the authentic ones in the indigenous communities. A similar strategy is to ensure that local tours involve no overnight stay, so that the tourists have to return daily to the hotel. The survey also reveals different aspects from the

official statistics. It shows for example, that the percentage of use of the services of the lead firm is higher (32%) than the one corresponding to the number of guests (23%) registered by the local authorities. It further shows that in addition to the hotel in Leticia, nearly 6% of those surveyed used the lodging in the Amacayacu Park, which competes with the former. Another implication is the doubt about the reports of the country of origin.

**Figure 6.5: Country of origin, tourists**



Source: Surveys with tourists

The survey shows the percentage of foreign tourists to be higher than 40% (Figure 6.5), whereas the figures given by the hotel speak of 34% at most. Finally, through direct observation and several interviews, it was confirmed that the attitude of the tourists depended on the information they obtained before consuming the product.

With the Concession of ecotourism to private businessmen, there was a change in the profile of visitors, from tourists with an awareness of the fragility of the Amazon, to a 'mass tourism' with less sensitivity, since this issue does not fit into the logic of the chain.

According to Clancy (1998), as a transnational tourism company, one of Decameron's most important interests is the creation of a good image or a good quality reputation. Its reputation and its *all-inclusive* low cost product have generated

in Colombia a kind of phenomenon, in middle and middle-high class people, of wishing to travel to all of the destinations that the chain offers in the country, without any discrimination as to their differences and particular attributes. This phenomenon, which could be called *checking off the destination list*, may generate a shock in the tourists as a result of the contradictions between their expectations and their real experience in the destination. Sometimes this was reflected in negative behaviour towards local people and nature, as was observed during fieldwork, e.g. in the inadequate disposition of rubbish by some tourists and in complaints about the weather as well as about the absence of facilities such as discothèques (moreover the prohibition of alcohol) in the National Park. To inform or educate tourists about the cultural and natural diversity of the regions where hotels are located has no place in Decameron's business logic. As has happened in other cases documented (Buhalis, 2000), the management of a kind of information in a specific way has been used to exert some control over the customers. The omission or the misleading information provided to the customers about the total costs of the membership of the *Multivacaciones program* as well as its restrictions and also the strong pressure to get them to purchase, has been the main criticism to its pre-paid vacation service.<sup>38, 39</sup>

The mechanisms of control which have been analysed fit well with most of those mentioned in the literature on tourism (Buhalis, 2000). However, in this particular case, given the image of the Amazon region in Colombia, the positioning and subsequent control of the lead firm, could not be achieved without the strong support of government policies and regulations. The *Isla de los Micos* (Monkey Island) was added to the hotel in Leticia, where both were confiscated from the businessman who had been the leader of tourism in the first phase, and they were handed over to the hotel chain under a loan for use agreement (DNE, 2004). Later the chain also took over the administration of ecotourism in the Amacayacu Park.

The information about a destination influences the projected image of a region as a tourist destination; however the information included in brochures could perpetuate stereotypes (van Wijk et al., 2008). The clash in the tourism encounter, caused by sizable cultural differences between tourists, entrepreneurs, and indigenous populations, can be ameliorated with a better use of information through a diversified coordination. This entails, on one hand, the training of local guides and entrepreneurs based on bona fide information about the cultural and natural attributes of destinations, and on the other, that this information be transmitted to the consumers before their trip.

38 Superintendencia de Industria y Comercio. (2014). *Por publicidad engañosa, Superindustria condena judicialmente a importante cadena hotelera*. [www.sic.gov.co/](http://www.sic.gov.co/)

39 Reportur.com. (2013). *Condena a Decameron por publicidad engañosa*. [www.reportur.com](http://www.reportur.com). Retrieved December 26, 2013, from <http://www.reportur.com/colombia/2013/12/26/>

## 6.4 The privatization of ecotourism in National Parks in Colombia

While the driving force (chain governance) refers to the actions of agents within the markets and supported by coordination outside these, the political context refers to actions of formal State institutions (Bramwell, 2011). Nevertheless, in the growing literature on value chains in tourism there is a gap when it comes to studies, which analyse the related influence of extra-market agents on the leading firms.

The consolidation of control by the Decameron could not be understood without the consideration of the essential support from the national government. The privatization of ecotourism is a national policy to overcome the financial incapacity and inefficiency of the Colombian National Parks system. It should allow the staff to devote themselves to their original mission (DNP, 2004: 11). However, another interpretation of this ‘inability’ might be that it resulted from the Colombian government’s generalized neoliberal policies and strategies (2002-2010) that promoted foreign investment and a commercial approach to ecosystem management. These attitudes were manifest in the reduction, to a minimum, of the Colombian environmental policies, which led the Ministry of Environment to be merged, as a Vice-Ministry, into what is now known as the Ministry of Environment, Housing and Territorial Development, and a 75% reduction of the budget for the National System of Natural Parks.<sup>40</sup> In the year 2005, 68% to 78% of the financing of the three National Parks in the Amazonas Department came from international cooperation resources<sup>41</sup>. The same government (2002-2010) created two more Parks in the Department, but no funding was allocated to them. By adding an emblematic product to its package, the *Concesión Amacayacu* became the most important (and controversial) tourist service, which allowed for an extended horizontal integration and the strong positioning of its ‘Amazon destination’.<sup>42</sup>

The ten years Concession of Amacayacu was won by Decameron in alliance with Aviatur, the largest travel agent of the country. The local businesses lacked organizational capabilities, working capital and mutual cooperation. With the Amacayacu Concession, local agents mistakenly assumed that the hotel chain had obtained an entrance barrier and the Park would be for its exclusive use. Although this misunderstanding was cleared up, the local businessmen decided to include the

40 Cuadrado, J. (2007). Política Ambiental Colombiana y el Gobierno 2002-2006. Monography of Especialization in Estudios Amazónicos. Universidad Nacional de Colombia Sede Amazonia, Leticia.

41 Parques Nacionales Naturales de Colombia. (2006). *Informe de balance*. Retrieved April 24, 2007, from [www.parquesnacionales.gov.co/PNN/portel/libreria/xls/amazonas.xls](http://www.parquesnacionales.gov.co/PNN/portel/libreria/xls/amazonas.xls)

42 From the start, these concessions were frequently criticized, because they were understood as an attempt at privatization that was also discriminatory, due to higher prices and the alleged exclusive rights of use for the licensees.

Park only when the client requested it and mostly organized their tourist packages with other attractions.

In the Concession contract was established that the improvements in the infrastructure made by the concessionary would become Park property once the Concession ends. The Consortium had to pay 26 million Colombian Pesos (COP), approximately US\$13,000 yearly, or 5.91% of the gross income received to the Park's office, on an annual basis – whichever is greater.<sup>43</sup> However, the net profit for the State (UAESPNN) was low, since the costs of supervising the contract was discounted from the annual average of 55 million COP (approx. US\$34,000) it received between 2006 and 2011. A big share of this money constitutes a leakage that could not be used in improving the sector at local level because it is deposited in a National Account. Thus, despite a stipulation of article 26, Law 300 of 1996 that the Concession should cover all its costs, the State's conservation effort winds up in the red.

With the Concession, tourism to the region markedly grew from 6,456 visitors in 2005 to 12,430 in 2011; new jobs were created, mainly for persons from indigenous communities, which also received additional benefits through the growing demand for goods and services. Nevertheless, the increase in visitors did not lead to an equitable distribution of benefits among the six communities involved, as expected: a situation that was foreseeable since it implied additional transactional costs and coordination efforts, which no agent was willing to assume. For example, the people from the Mocagua community located in front of the hotel received more than 50% of the money spent by the tourists to the Park on souvenirs and ecotourism activities (according to information from the Amacayacu Park 2012). With the Concession, corporate logic prevailed over local social relations. With a standardized product there was no room to establish a suitable context of work that would have taken into account the complex configuration of the ecosystem-culture experience losing the diversified coordination achieved in the previous stage. Officials of the Park and the owners of travel agencies reported that there were times when the employees of the hotel took advantage of the arrival of tourists to promote their own merchandise in other destinations.

In 2011 the hotel chain decided to withdraw from the Amacayacu Concession before the expiry date (in 2015). This was initially explained by financial problems, as the variable costs rose unsustainably due to the use of high numbers of standardized products with small profit margins. Infrastructure damage from a geological fault was also mentioned (*interviews with Park staff*). Having acquired experience and reputation with this product, the company decided to withdraw. Nevertheless, the situation might also be understood as the result of a sequence of failures in

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43 Parques Nacionales Naturales de Colombia. (2007). *Avance concesiones de servicios ecoturísticos en Parques Nacionales Naturales de Colombia*.

coordination with agents at every level. From the start, the relationships between the presidents of the two companies in the consortium were very troubled, due to their clashing visions of National Parks, as the staff of both firms confirmed. The problems of coordination became acute, the relationship broke down, and the travel agency decided to disregard the decisions of the hotel chain. To this can be added ongoing conflicts between the employees of the Concession Park, and the indigenous communities, reflecting, in turn, a failure to understand the complexity and fragility of the combined ecosystem-culture product. This situation and the extreme flooding of the Amazon River in 2012 forced the closure of the Park for ecotourism activities. The infrastructure was damaged, and due to the lack of timely response from the central office of the National Parks Unit, the concessionary could break the contract without paying the specified fine. This situation has not only social and economic implications, but also political and institutional ones.

The Concession of the ecotourism services had two contrasting results. It has been a successful venture for the Decameron, because that emblematic attraction has enabled it to offer a complete product, and consolidate itself as the leading company. It now offers the product but no longer has to manage it. For the Colombian State, on the other hand, it has been a failure, since the national government defended this particular Concession against all those who opposed it, without paying attention to their criticisms. Above all, it failed to improve the coordination between the national government and the officials in Leticia. In contrast to what was foreseen, the professionals of the National Parks System were not able to devote themselves to their mission of conservation and during the whole term of the Concession had to mediate between the licensee and the indigenous populations.

In contrast with the power of the Decameron hotel chain and the strong influences of national government policies, the local organizations have had a minimal influence on the running of the chain. These institutional flaws are of a structural nature (Tosun, 2000). The main weaknesses may be summarised as: an absence of clear and consistent policies, a deficient handling of information, the contrast between a low budget and high expectations, a lack of external resources and inter-institutional agreements, the 'clientelist' dynamics of politics and the repeated formulation of plans which were never implemented. The sector is highly vulnerable in the face of global trends, while its capacity to respond to external shocks is minimal. Projects that have a major impact, like the military airbase built in Leticia in 2010 without consulting the local population, confirms the way in which the national government imposes its views on the Amazon region, and the strong influence it has on the tourism sector because Leticia's airport commercial operations could be in future subjected to military priorities.

In its management of ecotourism services in the Park, the Concession did not sufficiently take into account the complexity of the final experience, the cultural

attributes of indigenous populations, especially their internal organization and redistribution channels, and their contrasting perspectives about the use of nature and the importance of economic interchange through tourism. The concessionary was unable to comprehend the complexity of the information necessary to achieve diversified coordination with those populations. As a consequence, the substantial work of de-codification and transmission, previously constructed between Park staff and the communities, was strongly eroded.

## **6.5 Conclusion**

In chapters 5 and 6 two methodological adjustments for improving the value chain approach in tourism were applied. In these chapters is argued that a related analysis of the driving force and the political context is crucial for understanding the productive process of tourism, the global expansion of transnational firms, the integration of peripheral destinations and native populations, and the power relations among them. In the analysis of control is evident the lack of self-control of peripheral regions on its development, and the high dependence of the centre (Hall 2007). We underlined that not only extra-market interventions but also a favourable policy context were the factors that allowed the consolidation of a transnational hotel as a lead company of the chain.

The policy of privatizing ecotourism services, as designed by the national government and applied through a Concession model in the Amacayacu National Park, was questioned. Flaws in coordination on all levels, from the relationships with local populations to those between the owners of Aviatur and Decameron, and the imposition of capitalist logic on the indigenous populations revealed that neither the model implemented nor private multinational capital were the best option for ecotourism in the Park.

On the other hand, a positive impact was that the presence of the Decameron forced some local agents to improve their tourist services, to implement diverse markets strategies, and to engage in limited collaboration with the lead company in order to keep going. One of the strategies implemented by local firms after their sales decreased due to the Decameron's arrival was (also) to contact specific groups of tourists in source markets. Another strategy was the expansion of some local firms by entering into new segments such as travel agencies and hotels. Some of these hotels were opened in natural reserves. This may be understood as a reduction of the direct pressure on indigenous communities; however this does not conceal the fact that their performance is still based on a certain degree of control they exercise over the native populations. That subject will be discussed in chapter 7.

The second adjustment evaluated is the control exerted by lead firms (Buhalis, 2000) over the consumer. In the Decameron global chains is clear that the activities

done by the tourists at the destinations are strictly linked to what the firm has designed for them in the tourist package. The Decameron's power to generate large flows of tourists was the main impulse for the permanent increase of visitors to Leticia. The offer of an all-inclusive product showed that control over the mobile demand is used to increase value added by the lead firm.

As a recommendation, just as the Colombian government has had a direct influence on the control of the chain, it could also strengthen the performance of the sector by facilitating the reinvestment of earnings generated at the local level and improving the long-term capacity of formal institutions to implement priority projects proposed for the sector in reiterative studies. The sector might strengthen itself and minimize leakages if local linkages were strengthened and new forms of coordination created in which formal institutions have a decisive role.





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# 7

## **From tourist 'product' to 'producers': Local communities' responses to the global industry**

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## 7.1 Introduction

This chapter analyses the complex participation of nature and indigenous communities in the final experience. We depart of the point of view that for the indigenous communities in the Amazon, the nature it is not an external entity but the contrary it is a part of their world. Special attention is devoted to understanding how (internal) institutions (North, 1990; Agrawal and Gibson, 1999; Williamson, 2000) influence the participation of indigenous populations in tourism.

The case of the native populations is illustrative because their participation is essential for the Amazonian tourist experience. These aspects contribute to the debate on the concept of community. We first discuss how the institutions model the participation of indigenous communities in tourism. In section 6.3 we remind on the origins participation of indigenous people in other global value chains. In section 6.4 we resume the methodology. In the results, we show how the institutions pervade the participation in the chain are and we explain why, for the indigenous people, the fact of participation is as important as the incentive of income.

## 7.2 Local institutions

This chapter will concentrate on the first level institutions and its relations with the second level accordingly with Williamson's (2000: 596-98) four levels of social analysis. Emphasizing the internal institutions found on the first level of social analysis reveals the intimate relationships between the native populations and their territory and their skills at managing it. By seeking to surpass the reductionist concept of conservation, which allows no place for humans in protected ecosystems or areas, should facilitate the formulation of ecotourism projects.<sup>44</sup>

Armstrong's (2012) summary of the conditions for successful community-based tourism points to the usefulness of three aspects of the value chains approach: the geographical location, the context of institutions and political framework, and the coordination that is necessary to avoid the overlap in the activities of the agents. She focuses on the analyses that highlight the importance of ensuring that coordination with the communities respects their cultural needs and local sensibilities, but little attention is given that the coordination depends on lengthy processes which, generally speaking, few public agents or private companies are willing to undertake.

Either because the changes on first level may take decades to occur, or, as in the case of the void which our study wishes to fill, the functioning of the institutions on First Level is poorly understood (Williamson, 2002), it is becoming more and

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44 In the *Bulletin* (no. 23, 2005) of the National Association for the Practice of Anthropology (NAPA), several articles are devoted to this subject. See, especially: Wallace, Ingles and Stronza.

more clear that the structural limitations on the participation of the communities in global tourism cannot only be eased by external solutions, like sending officials to the communities to provide training or hand out resources to begin a project.

### **7.3. Review of the engagement of indigenous people in global chains**

Tourism forms part of the Amazonian indigenous people's linkage with world markets through their participation (forced in several cases) in other global commodity chains, like quina bark, rubber, timber, and coca paste. Along with this participation, they have maintained an important foundation of social relations revolving around exchanges within the settlements and ways of life which have helped them to manage the ecosystemic environment successfully. We do not find specific applications of the value chain approach to the participation of indigenous populations of the Amazon in global tourism. Nevertheless, several studies allow us to understand the importance of internal institutions of indigenous populations in their engagement in tourism and other value chains.

From its beginnings, tourism was based on structures of power involving 'White' (but really Mestizo) bosses from the oligarchy of the Amazon towns (Faria, 2005) who exerted control over the indigenous people inherited from previous extractive systems (Chaumeil, 1984; Baca, 1982) and systems of colonialist domination (Carpentier, 2012), on occasions within a context of policies which left the indigenous cultures unprotected (Chaumeil, 1984) and without any control over the flow of visitors to their communities (Chaumeil, 2012). Generally, the indigenous cultures have been useful insofar as they facilitate the sale of the tourist product and not because any of the agents is aware of their importance. Thus, the tourists arrive and leave with an idealized vision of nature and the indigenous people, without understanding their needs and behaviours (Gasché, 1986). Cultural renovation may thus be a fallacy (Chaumeil, 2012). Under the term 'a visit to indigenous communities', these populations and their territories have been linked as one of the main inputs of tourist chain in the Amazon. Their inclusion in the final experience underlines the essential link between the local and the global they represent, as Richards and Hall (2000) have documented in other destinations. Just to introduce a contrast, one of the indigenous people, interviewed in this research, stated that:

*If we refused to participate in tourism, this should be like visitors come to our home to visit to us, and we do not attend them.*

## 7.4 Methodology

As presented in greater detail in the methodology in chapter 4, this chapter is based on fieldwork carried out in several periods between 2008 and 2010. We collected first-hand information in four communities (settlements): Macedonia, Monilla Amena, Mocagua and La Libertad. The methods used were interviews with key informants in their houses and in the Maloca (Monilla Amena), elders, and artisans, as well as focus groups with young people in Mocagua and Monilla Amena. In Mocagua some interviews of the younger generation were carried out by fellow youths of the same community (Carroll, 2010).

In the following section, we examine the influence of the institutions of the Amazonian communities on their participation in the tourist chain.

## 7.5 Institutions of indigenous populations in tourism encounter

In this section it is argued how internal institutions of the communities determine the way in which they participate in tourism market. We debate ourselves between two moments. From one hand there are the strong impacts caused by the development of the Amazon (through several extractive processes) on the indigenous communities which nonetheless, opened the way to current's control structures of tourism.

The (forced) participation of indigenous communities was one of the foundations of the ecosystem-culture product. The indigenous peoples were presented as an object to be observed, creating the false idea that they live in harmony with the jungle, mistakenly depicted as pristine (Seiler-Baldinger, 1988), and that they have no links with the markets and must be kept in that situation. Thus presented, the indigenous peoples wound up assuming that tourism is a 'beneficial' activity done by the tour operators, since they would ensure a flow of tourists which would leave them some money (Tobón and Ochoa, 2010). However, one of the leaders interviewed, a woman, clarifies:

*Working in tourism is not at all a sure thing; with tourism one doesn't have it all sorted, as some people think. You have to get by doing several jobs; for example, we here don't just sell handicrafts and meals for tourists, we also cultivate our plots and have big crops of watermelon and plantain to sell in Leticia (Indigenous woman of Macedonia, 2008).*

In the case of Macedonia, the suggestions by guides, operators and professionals, going back to the 1960's, that they should focus on producing and improving the

traditional products they sell, were decisive for the subsequent consolidation of the village as a crafts centre (*interview of an elderly indigenous woman in Macedonia*). From the start, it seemed to be assumed that the global chain, through its external agents, would be the economic force, which decides which goods they should produce. This link with global tourism has caused social, economic and cultural transformations which are evident not only in the communities we studied, but are also typical of major changes which are occurring in the whole region.

By the other hand we will deal with the hypothesis, that beyond the impacts and external negatives perspectives, indigenous people are active agents in tourism. As stated Stronza in her overview about the anthropology of tourism "locals may be active agents in determining what they want to preserve, purposely inventing traditions and/or folk art for tourists, yet entirely cognizant themselves of what is real or staged, authentic or spurious." (2001:273).

### **7.5.1 New forms of work and coordination at regional level**

There are, in the first place, new forms of work which have a series of characteristics which distinguish them from other forms of production. Working as tourist guides, boat pilots or crafts producers, among other trades, is a response to economic needs alone. Nowadays they go to the jungle to show it to consumers who want to 'commune with nature'. But this activity is a commercial transaction, from which they make money. The influence of tourism has been so great that work on crafts products has become a social duty in the settlement, because it is done by everyone and allows them to share their knowledge and skills (Herrera, 2005: 99, footnote 16). In this respect a woman interviewed, stated:

*Around 1952, my mother, here in Macedonia, began to exchange and to sell to traders some necklaces and other adornments from the Pelazon... she sold bags made of chambira, necklaces and bracelets. Then later, around 1984, the tourists that came to the Park, started to be interested in the textiles made of chambira. We paddled from here to the Park to sell some handicrafts. Later, we organized ourselves here, so that the tourists would come here and one wouldn't have to go there; ... that's how the two craft houses appeared, just as you see here (Indigenous woman of Macedonia, 2008).*

In 2006, Buitrago found that 90% of the men produced wood carvings and 85% wove textile products. This does not happen by accident, and influences the perceptions the indigenous people have of the jungle and of themselves as well.

The coordination between the indigenous people and external agents began to change with the enactment of the new Colombian Constitution in 1991, which

protects the collective property rights of such traditional communities and their right to ethnic and cultural diversity. Since then, the inclusion of indigenous people in mainstream Colombian society has changed. The changes in the coordination between Colombian society and the forest-dwellers were mostly due to tourism in the Amacayacu Park. After working together for nearly 20 years, the Park officials and the communities had established a language which allowed for a mutual understanding between the two parties (*interviews with officials and discussions in workshops*).<sup>45</sup> In 2004, shortly before the Concession was granted, some indigenous persons who were worried that it might have a harmful impact on the environment and their culture<sup>46</sup> proposed a program to monitor tourism there.<sup>47</sup> Although the product offered by the Concession continued to revolve around the same activities with the communities, there were serious problems of coordination. The entrepreneurial vision of the hotel chain, the imposition of its corporate values as well as the western's perspective of conservation prevailed over the values and social dynamic of the local communities (Carroll, 2011), a phenomenon that has been reported in other regions (Erskine and Meyer, 2012).

This was mostly noted in complaints of indigenous populations about the long workdays which kept the employees away from their families, the fact that some communities were visited by more tourists than others and long delays in payments for the goods and services supplied by the indigenous population (*field observations and interviews with community members and Park employees*). Another complaint was that the jobs in tourism did not leave them enough time for other types of work (Tobón and Ochoa, 2010). Another criticism was the buying of products from some Peruvian communities although they were not belonging to the Ecotourism Program.

The two worlds, which meet in the tourism business, offer an interesting contrast in the perception of time. On the one hand, we find the forest-dwellers and their traditional freedom to set their own timetable, and, on the other, tourists who, because their vacation time is limited, are in a hurry to see as much as possible, to fit everything in, so that they get their money's worth (Richards, 1998). If development projects, which generally have short-term objectives, want to be more successful, they should take into account that adapting traditional societies to such expectations takes five or more years (Gasché and Vela, 2012) and the same challenge applies to tourism.

45 Testimonies about the learning process between the indigenous people and the Park officials that went into the planning of this context are found in: Ungar, P. (2012). *Planear en el trópico. Conocimiento y acción en la gestión de parques nacionales en Colombia: el caso del Parque Nacional Natural Amacayacu*. Doctoral thesis. Universitat Autònoma de Barcelona.

46 The Morwapu Organization, representing the Ticuna ethnic group of the jungle. (2003). *Taller organizacional y empresarial*. Parque Nacional Natural Amacayacu (PNNA). Working paper.

47 This was called Program for the integral management of the environment and the cultures. PNNA. (2006). *Acuerdos Programa. Gavilán Tatatao*, Leticia. Working paper.

With the advent of the Concession, there was an imposition of alien procedures. 'Western' ideas about the conservation of nature clashed with traditional indigenous thought, customs and environmental management, as when the Concession prohibited certain traditional practices near the Park or along the trails used by tourists, such as hunting or slash-and-burn agriculture. This situation caused conflicts, since the indigenous people complained that their way of life was being jeopardized in the name of a mistaken idea of conservation and a romantic image of the Amazon. The complexity of such matters, failures of communication, cultural differences and a lack of financing for the monitoring plan made it difficult to implement the agreements which had been reached after two years of meetings. Some people decided to work independently, with agencies in Leticia. An assessment showed that more than 50% of the commitments made to the communities were not fulfilled.<sup>48</sup> Nor was there ongoing support from government institutions.

A component of the chains approach revealed another factor which had a strong influence. The process of coordination between Amacayacu Concession and communities also failed to take the indigenous community's internal institutions into account, a crucial aspect of their social, economic and territorial make-up and decision-making procedures (Agrawal and Gibson, 1999). The participation of the indigenous communities is different from that of other agents in the chain, insofar as the latter have a utilitarian concept of nature, whereas the indigenous people (generally speaking) have developed complex symbolic systems in which they are part of nature rather than outside of it. Their traditional social relations give more meaning to non-capitalist relations and a higher cultural value to exchanges other than money. Their motivation for participating in tourism does not have to do with a cost-benefit ratio (Stronza, 2005) but rather with their interest in participating in the socio-economic activities of the region,<sup>49</sup> and through them, obtaining incomes to satisfy their material needs (Ullán, 2000). These activities also win them recognition, which may eventually enable them to vindicate certain aspects of their culture or redefine their identities (Salazar, 2006).

Nevertheless, these institutions are not static: The indigenous people claim that eco-tourism in the Park taught them about conservation and they incorporated aspects of conservation into their discourse (Carroll, 2011), for which the money earned was an incentive (Parathian and Maldonado, 2010). However, some conservationists have the idea that the end of the jobs for indigenous people and sales to tourists due to the closing of the Park to tourism in 2012 may have the opposite effect and jeopardize their conservation efforts. (*S. Bennett, personal conversation, May 2013*).

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48 PNNA. (2008). *Avance Tatatao*. Working paper.

49 Or so it said by several indigenous people from these and other communities with whom we are constantly speaking.



Interviews with Park officials and employees of the Concession showed that they mistakenly assumed that these populations were coherent groups which formed a ‘common-unity’ [*común-unidad* in Spanish] without understanding that their linkage to tourism is regarded as an individual, family or group affiliation rather than a community one. An indigenous leader interviewed stated: “*it is very difficult to work with the community, people do not feel committed*” (interview in Macedonia, September, 2009). In the settlements studied by Gasché and Vela (2012a: 189) was stated that “*no productive project has won the commitment of the community as a whole*”. Usually, the *curaca* of the respective community was invited to the workshops, but they are not always the maximum authority and thus only represent some of its inhabitants, generally, a solidarity group. In the case of Macedonia, the coordinators of the project failed to take into account the importance of the ‘evangelicals’, the followers of Protestant missions, and thus ignored the power their pastor has in their daily lives and community decisions.

It is understandable that the failure to understand these peculiarities is one of the main reasons why many institutional projects fail (Gasché and Echeverri, 2004). The ‘failure’ generally occurs because the communities do not sustain the projects after the external support finishes and with it, the flow of money, as seen in similar cases documented by Mitchell and Muckosy (2008). Field observations enabled us to confirm how initiatives in other settlements did not even reach the take-off stage, because they are not welcomed by the inhabitants, who feel pressured to work in something which they have not asked for, takes time from them and, by placing responsibility in the hands of ‘the community’, blurs responsibilities.

With the increase in visitors and pressure from guides and tour operators (Nova, 2012: 237) to still be included in the tours, an effort was made to improve coordination with the intermediaries through new organizational schemes. In 2003 craftsmen’s organizations were established, which later organized the building of three *malocas* for the sale of such goods and as a place where tourists could attend cultural shows. These *malocas* have concentrated tourism on one side of the settlement, whereas the other has a minimum participation in tourism.

These *malocas* belong to the families of the clans with the strongest political and religious power and have strategic terrains on the banks of the Amazon (Riaño, 2003), where the *malocas* were built. The mechanisms of coordination, like direct links to agencies in Leticia through verbal agreements, the mounting of websites with advertising and incentives to the guides and launch pilots, like gifts of food and crafts products by the owners of one *maloca*, have caused and aggravated conflicts with the other *malocas* about access to tourists and the sharing out of revenues. The timetables of the *malocas* have had an influence on the organization of most of the work done by the population (Aguas, 2012).

## 7.5.2 Organization and social change

The internal institutions of the indigenous community (Agrawal and Gibson, 1999) also provide one with another way of looking at the economic variable. The rise in the number of visitors to the Amacayacu Park was reflected in the fact that the revenues received by the communities for the sales of their goods and eco-touristic activities tended to rise (Table 7.1). The incomes they received from visitors mainly have to do with Sales (of food, fish and the craftwork they produce), and their Activities (as guides in walks along paths in the reservations and the pilots of excursion launches). However, the trend has been that their revenues have declined as a proportion of the total received by the Concession.

The sharing out of revenues among the communities also depends on their geographical location (the distance from the Visitors Centre) and organizational forms, as well as other factors, like internal conflicts, which, on some occasions, caused one of the communities to be excluded from the ecotourism program (*interview with park officials*).

**Table 7.1: Revenues (US\$) of the Concession, the communities, and the Amacayacu Park, 2005-2011**

Year	Concession	Communities <sup>a</sup>	% <sup>b</sup>	Park
2005	76.921	13.250	17,2	7.009
2006	356.628	42.214	11,8	21.393
2007	532.282	57.371	10,8	32.731
2008	553.720	59.612	10,8	30.310
2009	659.439	55.819	8,5	39.996
2010	675.799	37.956	5,6	39.940
2011	723.677	49.722	6,9	42.769

a Payments received for ecotourist activities and sale of products

b Percentage received by the six communities respect of the revenues of the Concession

Source: Synthesis based on reports of the Amacayacu National Natural Park

A quick glance at the figures shows that the community of Mocagua, located in front of the Visitors Centre, receives the biggest share of the revenues from the sale of food products and ecotouristic activities (Table 7.2). Likewise, of the 25 formal jobs held by indigenous people in the Concession, 20 went to inhabitants of that

community.<sup>50</sup> That situation was the cause of frequent complaints from the other communities about the unequal sharing out of benefits.

**Table 7.2: Incomes (US\$) earned by the communities between 2005-2011**

Community <sup>a</sup>	Activities	Sales	Total	%
Mocagua	134.955	41.226	176.181	55,8
Palmeras	7.450	25.143	32.593	10,3
San Martín	25.092	3.038	28.130	8,9
Macedonia	55.327	7.783	63.109	20,0
El Vergel	11.970	3.959	15.930	5,0

<sup>a</sup> Listed according to their distance from the Visitors Center

Source: Data provided by the Amacayacu National Natural Park

However, the inhabitants of Mocagua themselves explain that money was received by the families and people linked to tourism, not by ‘the whole community’ as is generally stated. Other families indirectly benefit, since those to whom the money is paid spend a part of it in stores in the settlement. But the opposite case also occurs when the unsuitable behaviour of some members leads the whole community to be sanctioned (Chaparro, 2008: 9). According to Carroll (2011), these incomes gave them more access to consumer goods, and satisfied their *desiderata* (Gasché and Vela, 2012b) but did not result in an improvement in their quality of life. The goods they buy do not free them from an unequal share in the market and do not guarantee that they will overcome problems of education and health since those services continue to be neglected or poorly financed.

Even though Macedonia is one of the most distant communities, it has the second biggest share of tourism revenues from sales and tourist activities. This is due to its consolidation as an obligatory stop for the tours, because of its specialization in craftworks, better attention to visitors (which includes a group of environmental guides) and its active role in improving coordination with the operators. But the family relations between its inhabitants and those of Mocagua, where its founders came from, also have a strong influence on all that. As was mentioned, the wide distribution of the tikunas in the area facilitates their mobility between settlements. Thanks to its clan system, they have ‘relatives’ in all tikuna settlements. This characteristic is very useful and the indigenous people take advantage of it. For example when a man from Macedonia is guiding a group of tourists and needs to sleep in Mocagua, he can stay at his family’s house there.

50 PNNA General Statistics. Working paper.

**Table 7.3: Incomes (US\$) of inhabitants of Macedonia from tourism in the Concession, 2005-2011**

Item	2005	2006	2007	2008	2009	2010	2011
Sales	0	1.089	1.410	963	1.965	1.414	942
Activities	1.111	7.109	7.552	9.717	11.252	7.830	10.754
Total	1.111	8.198	8.963	10.681	13.216	9.244	11.697

Source: Synthesis, based on data provided by the Amacayacu National Natural Park

At first sight, Table 7.3 would indicate that the community of Macedonia has increased its incomes by tourism activities and sales to the Concession. However, to better understand the significance of these numbers, one has to take into account the manner in which the communities' First Level institutions (Williamson, 2000) and the forms of internal organization decisively influence the possibilities for individuals, families and groups to link themselves to tourism, and also the degree of their participation. These factors may also reflect spatial and organizational improvements and a better exploitation of comparative advantages.

A detailed analysis shows that most of the people linked to tourism through sales and activities belong to a restricted number of clans or family groups. People belonging to traditional clanic groups with more political, social and religious power concentrate an important share of the economic benefits derived from tourist activities.

**Table 7.4: Incomes (US\$) of the two main groups of Macedonia by tourism activities by year**

	2004	2005	2006	2007	2008	2009	2010	2011
G1 + G2	315	343	3.401	3.829	5.538	3.948	2.620	4.610
Total	581	1.111	7.109	7.552	9.717	11.252	7.830	10.754
% G1+G2	54,2	30,9	47,8	50,7	57,0	35,1	33,5	42,9

Source: Synthesis, based on data provided by the Amacayacu National Natural Park

Table 7.4 shows that the two main groups (the *Founder group G1* and its *Allied group G2*, using the typology proposed by Buitrago (2006: 29, footnote 16) concentrate between 30% (2005) and 57% (2008) of the incomes received by people engaged in activities with the Amacayacu Concession. These two groups represented on average 34% of participating individuals.

They are affiliated to the evangelical religion and hold important posts in the sectors of health and education and thus have the most social weight in the community, which supports the findings of Buitrago (2006: 49; footnote 16) about the predominance of the two or three main groups in political, economic and religious control. For its part, the analysis of the tourism initiative in Monilla Amena showed that its success lay in the leadership exercised by one man and his family (Ochoa et al., 2009).

However, the accumulation of money in the communities is not well regarded nor socially accepted; it also arouses envy (Gasché and Vela, 2012b). It is usual for a craftsman who earns four or five thousand dollars in a crafts fair in Bogotá to spend the money within a week, since it is shared out among the members of his or her reciprocity group who have cooperated by providing manpower or lending machinery (*interview with a craftsman in Macedonia*). Such sharing out in periods of abundance also takes place with food harvests and has to do with the irregularity of the natural cycles the forest-dwellers have to deal with. The incomes from tourism have been a main reason why some inhabitants of Macedonia have completely or partly abandoned traditional practices, like growing food in a *chagra* (Buitrago, 2006; Barbosa, 2006; Herrera, 2005: 99, footnote 16) or working with wood. Gasché and Vela (2012a) have found that devoting more time to crafts work than the *chagra* brings better monetary results than a subsistence economy. An expert craftsman made the following remark about devoting his efforts to receiving tourists in his *cabaña* rather than exploiting his traditional skills at self-sufficiency: “*Everything I need to buy I now get with this cabaña*” (*interview, May 2012*).

A sensitive variable in social change which is being accelerated by tourism is the assessment which community members make of the gains obtained from exchange. As was mentioned above, their participation in (tourist) market has an economic motive: to improve their incomes, but this goes with a search for recognition. They participate in order to become known. While they have obtained higher incomes, it has resulted from an increase in production and the extraction of resources from the environment, building an infrastructure and specializing in certain jobs, and thus implies that they devote more time to those activities. In the face of this situation, they have been reformulating notions of costs, benefits and profits.

In 2008 training workshops were held on costs<sup>51</sup>, where a calculation was made of each of the inputs provided by a person or family unit, including products from the jungle or *chagra* and the time devoted to each job. In some cases, training is a ‘need’ agreed on by the parties. The members of the community ask for a specific training in accordance with what the technicians have to offer (Gasché and Vela, 2012), and

51 Undertaken by the Mambe Shop foundation at the request of the Amacayacu Park. Mambe Shop and PNN Amacayacu. (2008). *Informe sobre los talleres de capacitación a las comunidades de Zaragoza, El Vergel, Macedonia, Mocagua y San Martín de Amacayacu*.

in the case of crafts products what they seek is to improve their quality to meet the standards to reach dynamic markets. Training them to calculate costs has several implications. It allows the members of the community to demand an increase in the price of the merchandise they make and the services they offer and it helps them a little to formulate projects that depend on State support, which nevertheless implies added efforts and costs for them, due to the complicated bureaucratic procedures of the government. From another angle, it may damage social relations in the community, leading its members to doubt the value of participating in community activities and even of the value of their natural resources (Gasché and Vela, 2012b). While the training sessions have not resulted in a generalized use of accounting in the strict sense, they have led some community members to change the prices of their services. The lodging and food which they formerly offered in their homes for a symbolic price, including payment in kind, is now supplied by an independent cabaña whose charges are similar to those of other tourist facilities (*field observation*). When they wish to accede to State resources for these projects they have to present a business plan and budget with all the costs and projected profits. These situations are leading the members of the community to gradually include all costs in their day to day activities and that may affect their relations of exchange and reciprocity.

Another implication is the use of bodies of cultural knowledge for tourist services. Tourists, guides, operators and public officials suggested this as a way to improve the attraction or final experience. Thus, dance groups arose as a response to external interests (Aguas, 2012). Entrepreneurs have found that such displays of cultural knowledge are a tourist attraction. The garments normally used in a traditional activity are now likely to be exploited as a striking image to promote tourist consumption (Stronza, 2007; Chaumeil, 2009; Gallego, 2011). Culture is transformed into a consumer item (Chaumeil, 2009).

There have been positive impacts in the sphere of culture as well. Paradoxically, the openings created by tourism have allowed dance groups made up by the members of a single family to conserve and present (parts of) traditional rituals and dances without entering into conflicts with the evangelical church, which previously prohibited them and in that way they recreate and revitalize traditional teachings and counsels (Aguas, 2012; Nova, 2010).

As in other regions (Ingles, 2001), the youngsters have shown an interest in learning these songs and teachings. In a practical way, tourism seems to be achieving something, which the good intentions found in policy documents and studies failed to, begun engaging in some related activities, which are generally family initiatives.

**Figure 7.1: Changes in population's activities in the tourism chain through the time**

Agent / Activity	Transport	Trail guiding	Cultural presentations	Food (restaurant)	Lodging	Promotion	Sale of crafts
<b>From 1960s to ~ 2000</b>							
Tour operator	X	X		X	X	X	
Indigenous population							X
<b>Present-day</b>							
Tour operator	X	X		X	X	X	X
Indigenous population	X <sup>a</sup>	X	X	X <sup>b</sup>	X <sup>b</sup>	X <sup>c</sup>	X
Decameron hotel	X	X	X	X	X	X	X

Notes:

a. Transport by river between indigenous settlements or to nearby attractions, but mostly linked to the Decameron's tours.

b. Small restaurants and cabins in the settlements, mainly used for attending backpackers or independent tourists.

c. Some family initiatives have a webpage, which generally was designed by tourists or students who have been their guests. But these homepages are poorly visited and rarely updated because the access to Internet is minimal and also due to the lack of sufficient training.

The active participation of local communities in tourism (Duim, 2005) is shown in Figure 7.1. This figure shows the important changes that communities have experienced in the provision of new services such as lodging, transport and food. Although these activities are generally restricted to their own territory, currently some indigenous persons work temporarily for travel agencies from Bogotá, guiding tourists to other settlements in the area.

The transformations that have been caused or deepened by tourism are of no small importance when, in addition social changes, we clearly see a tendency towards the transformation of the communities' relationship with nature. The search for profit, the scarcity of natural resources, the reorganization of the territory so that it becomes a scarce asset which tourists accede to and the division of labour are all clear evidence of this. We agree with Gasché and Vela (2012a: 175), who, when speaking of the increase in crafts activities, conclude:

*"...the relations among all of the members of the community and between them and their environment have also been modified insofar as the latter has brought about scarcities which, in turn, produced a greater social competition for access to a natural resource and a new conception of ownership of the land and natural resources, as well as the adoption of new techniques for managing such resources."*

As a consequence of the permanent increment of production and demand of crafts a division of labour between communities has begun to emerge. The new forms of work are reflected in the division and diversification of labour on a regional level.



One may speak of three divisions of labour. The first applies to the six communities linked to the Amacayacu Park, in accordance with the particularities of each one. The second has to do with the specialized jobs assumed by different families or solidarity groups among the settlements. The third one, maybe the most important, involves the communities of the Amazonian Trapezium. Tasks, which were formerly undertaken by members of a family, are now done by people from several communities. The raw material is obtained from other communities and the half-finished products are sent to other settlements to be finished and sold. The main causes of this trend are the exhaustion of local raw materials, which can no longer be supplied from the local environment alone, and the search for more efficient production methods. A recent example has been the purchase of crafts goods in Leticia by middlemen who take them to be sold in the *malocas* of Macedonia.

### 7.5.3 Changes in the structure of the chain

Despite these attempts by the forest-dwellers societies to improve their situation, the structure of control has essentially not changed. The inertia of the tourist operation means that the settlements, the places 'where you visit indigenous communities', are still presented as a homogeneous unit. The visits are never more than a superficial encounter, brief and run and mediated by external agents who include some watered-down displays of 'culture' in the visit, which, instead of acquainting the tourist with the real situation of the settlements, gives them an idealized vision of the indigenous people and nature.

The experience of participating in many meetings with businessmen in Leticia shows that travel agents or tour operators generally do not agree with the empowerment of the indigenous people. Many believe that the indigenous people must stay on the *resguardos* (considered the periphery) and that they have no need to participate in urban life (the centre). In a recent workshop on Community Tourism in Leticia, some indigenous communities were invited to share their experiences with local travel agents and tour operators and state agents. Most of them presented the product they offer as a family initiative; from one community even two independent family projects were presented. Almost all of the products were related to activities offered on community premises, such as lodging. However, two of them presented their products as (whole) tourist packages including transport and activities in the city. The travel agents and operators immediately questioned this idea:

*"...if you [indigenous people] enter in the segment of intermediation, you are competing with us; and we need you there, in your territory, where we can buy your services".*



The travel agents seem to be unaware that changing position in the value chain is a way to upgrade the situation of the indigenous people. This situation indicates that the possibilities for upgrading in the chain are blocked, to a high degree, by the colonialist perspective of non-indigenous agents.

Upon observing several tourist encounters in the communities, the importance of evaluating the role and the performance of the guides becomes clear (Salazar, 2012). The vision that the tourists acquire of the destination and the value they derive from the experience depend, to a large extent, on the vision transmitted by the guides. This situation is much more critical in Leticia where the visits to local communities are very brief. For example, despite the obvious impacts of tourism on the livelihoods of the indigenous population, it is usual for tour guides to begin a visit to one community by remarking:

*“The riverside inhabitants live off the resources of the forest, the chagra, fishing and hunting: they live off their work with nature”* (field observation).

It is not uncommon that tourists react to this by saying (to their guests):

*Oh, how nice! We congratulate you for being so typical, and please, stay as you are.*

This is another example of an old contradiction in ecotourism: the presentation of landscapes, which satisfy Western notions of nature (Moscardo, 2001; West and Carrier, 2004). The licensed guides are trained by instructors who usually spend little time in the region and usually do not have an adequate knowledge of it. We have observed how some of those instructors are full of prejudices about the Amazon and its inhabitants, which they transmit to the guides. In this context the perspectives of implementation cultural tourism in the study area are still very weak.

This situation is aggravated by the massification of tourism, a point on which we are in disagreement with Mitchell and Muckosy (2008), who believe that it is a helpful alternative, insofar as the inhabitants of the Amazon should not continue to be regarded as simple suppliers of inputs or subjects to be stared at.

## **7.6 Discussion: Is the sustained growth of tourism the expectation of the Amazonian communities?**

The populations covered by this study have something to say about the importance they grant to the tourist interchange. While money may be their main motivation and they receive the smallest share of tourist spending, they do not participate in tourism

because they long to escape from poverty, since they do not feel themselves to be poor. The revenues they receive are important in terms both of quantity and quality, since the latter represents a chance to participate, interact and make them known (Ochoa, 2009). The quantitative aspect, for example, a steady job in a hotel with all legal benefits, loses its importance in the face of their needs to look after their families and *chagras* and be free to arrange their own time. This aspect should be taken into account by studies of tourism which use the pro-poor approach, since very different results would emerge from a study in other regions, where the communities (Mitchell and Faal, 2006) do not have the same assets or the autonomy and freedom that the Amazonian populations have. While the literature on the subject constantly underlines the urgent need for a sustained increase in incomes, our study shows that that is not the imperative for these Amazonian communities. When the forest dwellers speak of the '*tourist bonanza*' (tourist boom) (Ochoa, 2008a), or say that it is not an alternative for steady employment or a stable, long-term income (Ingles, 2001: 156), they seem to be suggesting that it will be unsustainable over time. Thus, what should be sustainable for the hotels, travel agencies and tour operators – a sustained increase of tourists and the growth of their business – is unsustainable for the indigenous participants, insofar as they regard tourism as just another of the economic trends which have come and gone in the region and which they can abandon with a certain ease. This would be understood as another way to express their resistance to external agents, or anarchy in words of Gasché and Echeverri (2004).

## 7.7 Conclusion

In this chapter, two of the methodological adjustments for the value chain approach proposed in chapter 4 were applied. The first one was the mixed participation of nature and indigenous cultures in the final experience. The evaluation suggests that the perspective of analysis has to change because local communities, previously represented by external agents as mere objects in the final experience, have become active agents in the chain. These populations are trying to change their historical role in tourism and change from being the *objects* of contemplation to the *subjects* of their own processes as indicated their permanent attempts to improve and innovate. Regardless of the different ways in which these populations participate in tourism, the value chain still relies on the use of information by external agents to organize the final experience and to promote the destination.

Misleading information, such as that the 'communities' are integrated unities living in harmony with the nature and that they are passive market agents, is intended to impede native populations from upgrading their positions in the chain.

A different picture may emerge if the focus with which the communities are observed is changed and one moves from the general to the particular. The livelihoods

of the forest dweller societies, in which redistribution rather than accumulation plays an important role in the maintenance of power of some groups, may conform to what Mosedale (2011) calls diverse economic practices in tourism. However, the strong pressures of capitalism through tourism are generating changes in the indigenous perception of nature, from a more respectful one to another that leads them to see nature more in terms of its exchange value. This could deepen social conflicts and those surrounding the use of resources.

The second modification evaluated is due to the heterogeneous encounter between globalized industry and the economy of reciprocity. It is evident that tourism has intensified the regional division of labour, and Macedonia has become an example of that specialization, in this case as an important segment of the global value chain. The power of specific groups in the communities strongly relies on their articulation or coordination with the 'white world'. Understanding their internal institutions enables us to become acquainted with their motivations and expectations and because, despite the unequal nature of their participation, the meagre benefits they receive and the social impact of tourism, they still wish to continue to be linked to tourism chains. Therefore tourism appears to be undermining traditional social relations. Of pertinence here is Weber's (2001) remark on how matters of calculation penetrate traditional associations and deteriorate ancient relations, leading in turn, to a transformation of their perception of and relationship to nature. In improving the performance of the chain at the local level, it is important to recall that the implementation and maintenance of cultural products require long-term processes (Richards, 2009), which makes it more of a challenge for those involved, including the governments institutions and the indigenous organizations themselves.

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# 8

## Conclusions

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This chapter presents the overall conclusions of the thesis. It is not intended to summarise the conclusions presented in the previous chapters; rather here we reflect on the main contributions and limitations of the study and suggest further research topics.

## **8.1 Contributions and limitations of the study**

This research was developed in the context of a discussion on how to evaluate the local-global implications of tourism in peripheral regions. Contrasting perspectives claim, on the one hand, that tourism is a mechanism of power exerted from core countries over peripheral countries (Britton, 1982, Ascher, 1985), and on the other hand, that tourism should be analysed as a social phenomenon considering the perspectives of local populations about it. Our analysis attempts to go beyond such one-sided perspectives and to overcome the local-global separation these approaches imply (Duim, 2005; Mowforth and Munt, 2003). A major contribution of this study is that it reverses a western view of tourism development.

An important starting point in developing a more comprehensive analysis was the realization that contrary to the core-periphery thesis, which sees tourism as a postcolonial tool for incorporating local communities into globalization, was the realization that tourism in the Amazon has always had a global dimension. In a historical perspective, tourism emerged along with the incorporation of the Amazon into global commodity chains, and this link has had an important influence on the development of tourism to this day. This made it appropriate to adopt the Global Value Chains (GVC) model to study the development of tourism in the Amazon, but the distinct nature of tourism experiences relative to the goods and commodities that are normally the subject of GVC analysis required changes to the GVC methodology. Much of the theoretical work of this thesis has therefore revolved around the development of three adjustments to the value chains approach, and the grounding of the value chain in the specific local context of the tourism experience. In following sections we reflect on the issues raised by the design and application of these adjustments.

### **8.1.1 Theoretical and methodological framework for tourism value chain**

With respect to theory, this study contributes to the understanding of tourism in peripheral regions by combining two different analytical approaches. On one hand, we introduce a macro-level analysis of a global value chain (Gereffi and Korzeniewicz, 1994) characterized by the international dispersion of design, trade,

and consumption around a specific product. Then, we grounded the analysis of the value chain, complementing the case study describing the structure and function of the chain with ethnographic evidence from the place where this product is consumed.

### *Adjusting the value chain to tourism*

The adjustments to value chains approach take over the first research question: to elaborate a methodological and theoretical framework for analysing the structure and dynamics of the tourism industry. The first adjustment to the general GVC model involved re-evaluating the process of value creation, reversing the order of analysis usually followed for commodity chains, because in tourism the mobile consumer moves to the site of production and consumption. The possibility of mobile consumer entering the chain from different segments, could be reflected in different chain's dynamics and control scheme, as well as in the shortening the value chain. It can be expected that the shorter the chain, the higher the benefits for host populations. A more direct contact between tourist and local population would change the value of the final experience. We also defined the tourism package as the study object, creating a distinction between the final destination experience (the Amazon experience), being the target product, and the total tourism experience, being the whole package. The final destination experience is co-created between the mobile consumer and a range of agents embedded in the destination itself. This includes the local populations, who have been gaining a more central role in tourism analyses in recent years (Pereiro, 2012; Coronado, 2014).

Although these features introduce the opportunity to design tailor-made experiences with real interaction between the consumer and indigenous cultures, we observed that this strategy is still undervalued by agents from the Amazon. The new visibility of the region due to the presence of a multinational hotel chain motivated several tourists to organise their tours independently, showing that consumers are realising their power in the chain. However, the low quality and availability of information, as well as misconceptions about the region, are two conditions that restrict self-organized tours to the Amazon. The active participation of consumers in choosing their activities at the destination is minimal and the main city agents still exert an important degree of power over the consumer.

### *The tourism experience*

The second adjustment to the GVC approach clarifies the final service in tourism chains: the experience, which in the Amazonian case is a unique combination of natural attractions and cultural experiences subject to degradation. This combination of cultural and natural elements with the everyday lives of the local population

provides a unique ‘tourismscape’ (van der Duim, 2005) that is inseparable from the location. This mediates the power and control elements of the GVC, because in the tourism experience the mobile consumer is co-present with the local population as they co-produce the final experience.

This adjustment to the GVC model is important because it underlines that in tourism the local population plays an active role in what is consumed by the tourist, rather than simply extracting raw materials and passing these unaltered into the value chain. The local population therefore has the potential for control and upgrading of the chain which has not been fully recognised in previous studies. This active role of the local population is even more important when we consider their social role, as the following section shows.

### *The social role of agents in the tourist experience*

The third adjustment to the GVC approach related to the social heterogeneity of agents involved in the tourist encounter. Contrasting motivations for being involved in tourism emerged from local agents challenge the traditional analysis of value creation and exchange. On one hand there are those we call urban/city agents, devoting all their capital to tourism and therefore highly vulnerable to external shocks. The entrance into the market of a vertically integrated firm or a sudden decrease in visitors constitutes a threat for their business. On the other hand there are the indigenous communities for whom tourism constitutes another way of participating in the market as well as a kind of social interaction. The creation of value and the exchange in the chain depend therefore on the self-interest of each agent. Whilst for urban agents value is calculated (in economic terms), indigenous people give importance to the encounter itself which allowed them to show their world and skills to external world. Obviously indigenous people also seek economic benefits but its pluriactivity condition gives them more power than urban agents. The participation of native traditional populations in tourism casts doubts on concepts such as accumulation, market dependence, or economic growth, as represented by standard economic approaches. If we are seeking alternatives or proposals to the crisis of capital, a better comprehension of these different ways of assuming social interchange would shed more light on the ways in which indigenous populations interact with tourism.

Once analysed the implications of the theoretical framework suggested, we go on the empirical research questions two, three and four. In the second question we assessed the effects of control, coordination and the influences of the political context on the structure and dynamics of the tourism sector. In a first glance, it could be said that age-old mechanisms of control have been used to incorporate local cultures and ecosystems into the tourist product. Contrary to destinations where indigenous

people are gaining more control over tourism development, the control structure of tourism in the Amazon still echoes centre-periphery tensions associated with the urban-indigenous division, and the structure of the global tourism value chain in the Amazon reflects many aspects of vertical integration model of coordination as suggested by Muradian and Pelulessy (2005).

However, the application of the adjusted value chains approach led to new insights. There are some experiences showing that a kind of diversified coordination, as suggested in chapter 5, should be more appropriate for a successful participation of native communities. Contrary to physical commodity chains extracted from the Amazon, in tourism indigenous people can gain a non-monetary control. Because the production and consumption of experiences takes place inside the indigenous communities themselves, this provides them with new opportunities for control – they (and the nature that they also part of) are the basic experience. Therefore tourism is not a commodity that can be extracted from under their feet or stolen from the forest around them. Tourism is a commodity that does not travel. They control at least a part of the production process, and importantly, they are in direct co-presence with the tourists. This is something that is not possible in traditional commodity chains. Then, the participation of indigenous people in tourism cannot be measured solely in economic terms. Their relationship with nature also gives them power.

Here, the different kinds of upgrading extracted from value chains approach are of importance. If indigenous peoples can develop their own initiatives, then they can (at least partially) escape the power of the tourism industry and present their own reality and view of nature for the tourists. This is further developed in the section of recommendations.

In chapter seven we assess the influence of institutions and the social changes caused by tourism on indigenous communities, and how such influences affect their prospects for improvement, related to research question 3. The concept of institutions was applied to analyse the internal organization of the indigenous settlements. By revealing the distribution of money inside the indigenous communities, we were able to question the blind optimism of the defenders of expected redistribution (trickle down) effects derived from tourism growth (notably the proponents of pro-poor tourism). One of the basic problems with these positions is the relatively simplistic view they take of the 'community'. Our findings confirmed that inside the indigenous communities there are smaller communities that determine the social, economic, and territorial organisation of the settlement, as well as the degree of participation in the tourism market. The internal organization of the settlements had led to the implementation of family initiatives/projects which is becoming a common modality for offering tourist services inside the communities. 'Family tourism' could be therefore a more appropriate name to designate indigenous tourism in the Amazon.



One of the most important impacts is that the linkage of some inhabitants to the tourism chain appears to be leading them to change from market agents to agents of capital as a consequence of an ever-more marked intention to seek profit from their activities, affecting traditional systems of interchange. Our research shows that tourism should not be considered as the principal cause of social change for the indigenous populations of the Amazon. However, we can suggest that tourism is currently leading to a new relationship between indigenous people and nature. Contrary to their previous experience with global economic processes linked to commodities (timber, rubber, coca, etc.) indigenous populations now think they can (and must) have more control over tourism activity. Whether this is a realistic aspiration is something that we will observe or have to evaluate in coming years.

The third Research Question therefore related to the influence of institutions and the social changes caused by tourism on indigenous communities. In this regard, our research has shown that it is important to make distinctions in terms of different types of value that circulate or might be appropriated by indigenous communities. Because these communities are not motivated by market economics in the same way as the other agents in the chain, it is important to consider what other types of value they get from tourism.

One important consideration is that because tourism is an experience which is co-created with the tourists through processes of framing and representation, the experience can present the indigenous view of nature. This potentially gives indigenous communities the power to combat the process of othering that is implicit in much tourism activity. They don't have to present themselves as 'primitives' in order to satisfy the tourists, because the economic gains of tourism are relatively peripheral to their everyday lives. However, there are signs that this position may be changing for some members of the local community, and there are always questions of power here. There is clearly pressure from the tourism industry to give the tourists what they want, and to present an idealised picture of indigenous life. This is where the possibility for upgrading and extracting value from different levels of the chain becomes important. If indigenous peoples can develop their own initiatives, then they can (at least partially) escape the power of the tourism industry and present their own reality and view of nature for the tourists.

In this regard the GVC approach has been useful in forcing us to consider the points at which value is generated, the ways in which value is accumulated by different actors and their degree of power over that value, which can expose the workings of the tourism system more fully. Our research has also indicated that the GVC approach is amenable to adaptation for different contexts and different theoretical perspectives. The current research therefore makes a potential contribution to the tourism development field by providing a tool that allows us to incorporate different disciplinary and methodology perspectives into the study of tourism globally and

locally. Although tourism has changed considerably in recent decades through the influences of globalisation and the rise of information technology, our basic perspectives for analysing the effects of tourism development on local communities has remained fairly static – caught in a dichotomy between pessimistic and optimistic scenarios. Our work underlines the fact that the ‘community’ which receives tourism is not a homogenous, passive actor that receives the benefits or costs of tourism development, but that the community comprises a heterogeneous mix of actors with different interests, concepts of value of positions of control. Tourism development cannot therefore be conceived of as a simple dependent core-periphery relationship, but needs to be looked at in terms of what we have called ‘diversified coordination’.

From these findings, we put in evidence new features of global tourism system and how it works in peripheral regions. Value chains allowed us to reflect on different forms of value generation and power attributes from agents involved. Aside from enlightening the mobile nature of tourists, another kind of mobility is found in the indigenous communities which can enter into or exit for an activity with a relatively easy. The ‘mobile consumer’ clearly relates to the ‘mobility paradigm’, but by linking this to the role of the local actors and to culture and nature we ground the tourist mobility in a historical context adding new insights to the understanding of tourism development. In the mobilities paradigm there is a tendency to see things and people as having become more mobile through globalisation. However, in the Amazon, the mobility of commodities has long been a reality, and the region has long been connected to the global core. What has changed is the things and the actors that are mobile.

Our findings also suggest a number of areas in which future research could prove fruitful. One of the major limitations of the present study is the fact that it only covers one small area and a limited number of communities. The possibilities that this proposal could make a broader contribution for the tourism discipline would depend greatly on wider application, validation, and assessment in the field. In next section we present some suggestion for market agents, policy institutions as well as for researchers.

## **8.2 Recommendations and further research**

This section corresponds to the fourth objective of the thesis, which is to propose recommendations to improve the participation of local communities in tourism. Although tourism in Leticia has structural failures similar to those found in other destinations (Tosun, 2000), the analysis also suggested that the implementation of decisive actions on several levels can improve the position of local populations and diminish the negative impacts and enhance the positive effects of tourism. The future

of tourism in the area greatly depends on overcoming existing tensions as well as the misunderstandings between the agents involved in tourism.

### **8.2.1 Innovation as an upgrading strategy**

Although indigenous leaders and organisations claim to have been being sold by others and insist on gaining more power in tourism, they do not seem to be clear that functional upgrading (Kaplinsky and Morris, 2001; Humphrey and Schmitz, 2002) could be a strategy to improve their position by entering into new segments of the chain. Field observations and subsequent conversations with indigenous informants clearly show that such a strategy is being implemented by just a few individuals and in specific situations. There is also no evidence at the organisational level of any policy initiatives designed to implement functional upgrading in a systematic way.

Due to the dynamism of the global tourism industry, both public and private agents are urgently called upon to implement a wide range of innovations. The current study has revealed a lack of information on tourism demand and a lack of adequate tourism policy frameworks in the Amazon region, which creates immense challenges for effective innovation in the sector. This leads us to the following questions: What importance are we giving to the impressive power that mobile demand is having in the tourism industry, and what is the importance of information for improving both the product design and the performance of local agents? It is necessary to include deeper analysis of demand in tourism research as well as in product and policy design.

One suggestion for local operators and for state institutions is to take advantage of the possibility of informing or educating tourists before they take part in the final experience. This would be facilitated by the large proportion of tourists (50% to 70%) having contact with travel agents or tour operators prior to travel to the Amazon. This innovation would support diversified coordination, improve the tourism encounter, and diminish cultural and environmental impacts.

On the other hand, although training is a well-known strategy in the improvement of tourism, the recommendation for training is generally limited to native populations and technicians. Nonetheless we claim that the development of a diversified coordination also implies the training of entrepreneurs and institutional personnel who work with the communities in order to better understand how their social attributes or livelihoods influence their participation in tourism.

The era of the static tourism product is over and the Amazon is not a conventional tourist product. Chapter 5 argued that the final product traditionally offered in all three stages is essentially the same with respect to the way in which it has integrated local populations and ecosystems. In contrast to the recommendations emanated from

a conventional perspective, we suggest that improving the position of indigenous people will not always or exclusively depend on technical or economical solutions. The high cultural diversity of the Amazon represents an important opportunity for the design of differentiated experiences according to the attributes of different ethnic groups. The design of specialized products is not just an urgent requirement but also a necessary innovation.

Indigenous populations have tried to improve their position in tourism by seeking to innovate in some ways. A forward linkage with potential is the exporting of high quality cultural goods (such as music and handicrafts) to source countries, creating demand for such goods during the tourist's stay at the destination (Monreal, 2002). The possibilities of elaborating products differentiated by the cultural background of the diverse ethnic groups are high and allow tourists to "live like the locals", taking advantage of creative tourism (Richards, 2011). The more valuable the product is, the better the possibilities of developing tourist experiences. This means more value added, appropriated at the local level (Monreal, 2002:43).

### **8.2.2 Suggestions for state institutions and organizations**

Tourism depends on the infrastructure and services of the destination (Judd, 2006), and sometimes this sector has been the driver of their improvement. In this respect Leticia has at least two imperatives: firstly, public services and infrastructure have to be improved for the wellbeing of the local population, avoiding the formation of privileged zones exclusively for tourists (Aponte and Ochoa, 2010); and secondly the provision of good quality services for tourists. The implementation of a public system for gathering and analyzing tourist information is urgent. The enormous expectations that institutions and populations have for the sector clash with the poor (or nonexistent) management of information on all levels.

The sector could be better oriented by implementing shared governance schemes (Bramwell, 2011) between market agents, business associations, government agencies, indigenous organizations, as well as NGO's. The actions of the government are decisive because otherwise it would be difficult to maintain a process just with the other agents' voluntary actions or self-regulation. Tourism development projects can propose alternative scheme by including, more intentionally, the study of social and historical attributes of the indigenous populations in the analysis.

The strengthening of supply chains is one of the most important aspects to improve, bringing more benefits for local populations by increasing their incomes through becoming direct purveyors of tourism (SNV, 2007). For methodological reasons, the project did not address this topic; however field observations showed a high dependence on imported goods, especially by hotels and restaurants. Several of

these goods could be furnished through the development and strengthening of local productive chains based on agriculture, the forest and the rivers.

The designing of creative tours around an agricultural experience with the communities could be another interesting innovation. Local institutions and tourist enterprises could support small producers and agro-industries by buying their products and also by promoting their sale to tourists. Otherwise, the expected economic linkages of tourism might not be developed and the leakages would continue.

If such innovations in the provision of the final experience are not implemented, and the participation of local populations with greater self-determination is not promoted, the tourism product could enter into crisis and the social sustainability of the destination might be questioned. This may happen because as tourists become more and more aware of ethical and environmental issues, there is an increasing demand for products which take these concerns into account. The aforementioned changes imply a high degree of innovation in product and process but also a new focus, and our study is making the first steps in that direction.

### **8.2.3 Further researches**

Aside from the abbreviated conclusions, we stress that further researches should use a multidisciplinary perspective would give that this yield enormous benefits for the analysis of tourism, going beyond the predetermined research goals. Furthermore, thanks to the interaction with local people and market agents, researchers may open themselves to redefine their initial (possibly excessively rigid) research questions. This leads us to suggest that tourism research should be more of an iterative research process than a linear one.

It would be useful to extend the application of the adjusted GVC approach to other contexts, particularly seeing if this analysis could also be applied to peripheral regions in other parts of the world. In particular, attention should be paid to the social structures, cultural contexts and concepts of value held by the local population. The level of integration between the social, the cultural and the natural is high in the case of indigenous communities in the Amazon, but other configurations exist elsewhere. It would be interesting to consider if communities already suffering the consequences of cultural and social degradation through tourism are able to reverse their fortunes by taking control of the tourism experience. Is resistance and resilience possible for communities already heavily penetrated by the market mechanism? These kinds of questions are complex, and would benefit from the type of multidisciplinary approach developed in the present study. Very often, the adoption of positive or negative views of tourism is attached to a particular disciplinary or methodological perspective. It would therefore be interesting to consider in more detail if the approach developed

here could provide a more ‘balanced’ framework for considering the impacts of tourism.

Researches are needed to analyse the implications of family tourism initiatives inside the indigenous settlements. The analysis of the impacts on the environment of several activities along the value chain should complement our understanding of local-global interactions. In this dissertation it was suggested that the economic distribution of profits among the agents in the site of the final experience challenges traditional economic analyses. Future researches should elaborate more in this direction, but without ignoring the strong relationships that economy has with social and environmental aspects. This is not to say, that historical matters are not of importance. Researches on the history of tourism in the Amazon should found interesting results if contemplate in a more systematic way, the relationships of tourists with travellers and their routes inside the forest. This would permit to confront the big differences of the role of local populations facing external agents, from the ancient times to current time.

It is expected that the perspective of analysis suggested in this study contributes, not only to the understanding of tourism in remote destinations, but also, to a better management schemes for the wellbeing of the Amazon populations.

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## **Personal fieldwork interviews in the communities, enterprises and institutions**

Germán Peña. Comunidad Macedonia. 2009, 2010, 2011  
Inés León. Comunidad Macedonia. 2008  
Eudocia Morán. Comunidad Macedonia. 2008  
Sara León. Comunidad Macedonia. 2008  
Javier Peña. Comunidad Macedonia. 2008  
Job Peña. Comunidad Macedonia. 2008  
Antero León. Comunidad Macedonia. 2011  
Absalón Arango. Comunidad Monilla Amena. 2008, 2009  
Patricia García. Comunidad Monilla Amena. 2009, 2010  
Flor Zafirekudo. Comunidad Monilla Amena. 2009, 2010  
Sergio Sánchez. Comunidad Uitoto Km. 7, Leticia. 2010  
Sandra Fernández. Comunidad San José Km. 6, Leticia. 2010  
Paulo Cahuache. Comunidad La Libertad. 2010  
Ricaurte Vásquez. Comunidad El Vergel. 2009  
Manuel Sinarahua. Comunidad Mocagua. 2008  
Francisco Rojas. Comunidad Mocagua. 2008  
Diana Deaza. PNNA, 2008, 2009, 2010  
Eliana Martínez. PNNA, 2011  
Nathalie Villamor, PNNA, 2011  
Ismael Bernier, Decameron Hotel, Leticia. 2009  
Diva Santana, Paraíso Ecológico Travel Agency. Leticia. 2009  
Yolanda Soto. Hotel Yurupary. 2009  
Héctor Castillo. Sancocho Tours. 2008, 2010  
Luz Dary Quintero. Anaconda Tours. 2009  
Soledad Ramirez. Representaciones Turísticas Amazonas. 2009  
Luis Felipe Ulloa. Selvaventura. 2009  
Medardo Bohorquez. Artesanías El Colombiano. 2009  
Juan Carlos Tamayo. Tanimboca, Tour Operador. 2010  
Manuel Alejandro Carrasquilla. Borugo Tour Operador. 2010  
Kees Staple. Aviatur. 2007  
Asteropy Tsalikis. Amazon Tours. 2007  
Aury Aldana. Aviatur. 2007  
Javier Espiritu. Decameron Leticia. 2006  
Luis Acosta. Servincludos Decameron. 2010  
Luisa Casas. Reserva Natural Heliconia. 2007, 2008  
Juan Carlos Murillo. Ministerio de Ambiente, Vivienda y Desarrollo Territorial. 2008  
Arcesio Murillo. Exdirector Banco de la República. 2006

Jenny Torres. Asesora Resguardo Indígena ATICOYA. 2008  
Max Oldenburg. Marítima Oldenburg. 2007  
María Eugenia Jaramillo. Ministerio de Comercio Industria y Turismo. 2010  
Darwin Mendoza. Gobernación del Amazonas. 2007  
Javier Novoa. SENA. 2007  
Armando Silva. Banco de la República. 2007  
Álvaro Gómez. Cámara de Comercio. 2010  
Irina Ríos. Alcaldía de Leticia. 2009

## Summary

### *Title of the dissertation*

Global tourism chains and local development in the Amazon: Implications for community wellbeing.

### *Presentation*

Global tourism development has been based on an international division of labour. Although still concentrated in the industrialised regions of the world, recent years have seen the intensive expansion of new modalities, destinations, and products in the developing countries. The increment of tourism worldwide, with its great variety of modalities, has run been paralleled by the emergence of innovative analytical approaches. In this dissertation we argue that the dynamics of tourism in remote destinations challenge traditional theoretical approaches. Based on empirical research in the Amazon rainforest, we try to go further. The main objective of this dissertation is to assess power relationships in tourism exploring new analytical perspectives, and suggesting innovations that allow the upgrading of local populations in global tourism. The innovative condition of this dissertation is the combination of theoretical frameworks and several methodological tools in order to capture a more comprehensive picture of tourism in remote destinations.

### *Theoretical framework*

In chapter 2 we analyse the advantages and disadvantages of several approaches as well as alternative forms of tourism in order to better understand the participation and the prospects for upgrading of local populations in global tourism. The application of global value chains as an approach suitable for understanding tourism development is justified. We argue that the re-signification of a lot of places around the world for tourism purposes, has to be analysed in terms of what this new enchanting means not only with respect to the incorporation of those places into global markets but also to the new power relationships. In spite of the usefulness of value chains, we claim that the analysis of tourism in remote and emerging destinations merits some adjustments

### *Methodological adjustments of global value chains approach*

In order to improve our comprehension of tourism development in remote regions, in chapter 3, we designed three theoretical and methodological adjustments for the

value chains approach. The first adjustment is the clarification that the commodity in tourism is a service called the tourist experience, which the consumer accumulates as he or she passes through the chain. Our analysis coincided with the approaches of the experience economy and creative tourism in recommending the active participation of consumers in the chain. The second adjustment clarifies the final service in tourism chains: the experience, which is a unique combination of natural attractions and cultural experiences subject to wastage. The third modification deals with social relations involving heterogeneous and sometimes clashing interests in the consumption of the final experience. These adjustments are applied in the chapters 5, 6, and 7.

### *The influences of public policies on the control of the chain*

Chapters 5 and 6 assess the relationships between the control and public policies. The governance structure of the chain is the power that one or more firms exert to control the addition of value and the distribution of rents among the agents. The role of transnational tourism companies has been generally associated with their market power, their processes of vertical integration and the use of control. However, we show how historical economic processes determined the current structure and dynamics of tourism but also that the advantageous context of national policies have allowed the consolidation of Decameron as the lead firm of tourism in the Colombian Amazon. The weakness of local institutions opens the door to strong external influences. We conclude that the attributes of local populations and the complexity of tourism chain justify the development of a more appropriate type of coordination. Therefore we designed the diversified coordination.

### *Diversified coordination for improvement the position of local populations*

With diversified coordination we suggested a redefinition of the perspective on how indigenous communities participate in the tourism chain. Diversified coordination differs from others in the incorporation of the cultural and natural attributes of local populations that determine their participation in tourism. First, these populations maintain a close material and spiritual relationship with the ecosystems and they conserve many of their traditional livelihoods. At the same time, they are integrated with markets and are located in the final destination, having a face-to-face encounter with consumers. This condition gives them a new opportunity to exert power and control over the chain.



### *Influence of institutions on indigenous participation in tourism*

In chapter 7, we examine the concept of institutions as the rules of the game and as agreements between people. We assessed how these populations participate in tourism, exploring their expectations and the possibilities to improve their position in the sector. Early field inquiries confirmed that, from the beginning of tourism in the Amazon, the indigenous populations were incorporated as part of the product. The insertion of native communities in tourism relies on their internal forms of organisation (their institutions), on the level of individuals, families, and solidarity groups, but not by the whole community. Although tourism provides them with a higher income, it also causes changes in their relationship to the environment, promotes new forms of work, and encourages the quest for individual benefits, undermining traditional social relations. Therefore, the designing of prospects for improvement has to consider the local populations' own specific expectations.

### *Prospects for upgrading in chain's product and processes*

Several innovations at both levels, in the product and the processes, could be implemented in order to improve the performance of tourism agents. We considered improvements in the design, in service provision, and in the enjoyment of final experiences. More attention should be devoted to the role that the mobile consumer can play in the performance of the value chain. With these innovations it is expected that the cultural and environmental impacts will diminish and that indigenous populations can meet their own expectations of their participation in tourism.

# Annex: Survey to tourists

 <p>UNIVERSIDAD NACIONAL DE COLOMBIA SEDE AMAZONIA</p>	<p>Universidad Nacional de Colombia Sede Amazonia (National University of Colombia - Amazon Branch)</p>	 <p>saber y gestión ambiental</p>
<p><b>Tourist poll on the border of Colombia - Brazil - Peru</b></p>		
<p>DEAR tourist</p>		
<p>We kindly request you fill out the following questionnaire regarding the time you spent in the Amazon. This poll is part of a study on tourism in the three border area: Brazil, Colombia and Peru.</p>		
<p><b>The information gathered will be used for statistical purposes only</b></p>		
<p>Thank you for your cooperation</p>		
<p>Name of the pollster _____</p>		<p>Date: _____</p>
<p>Lugar <input type="checkbox"/> AL(se) <input type="checkbox"/> AL(o) <input type="checkbox"/> AT <input type="checkbox"/> PL <input type="checkbox"/> PT <input type="checkbox"/> PNNA <input type="checkbox"/> Hotel <input type="checkbox"/> Other _____</p>		<p>Formulary N° _____</p>

<p><b>1. What is your home country?</b></p> <p>Country _____</p> <p><b>2. What is your profession or status?</b></p> <p>_____</p> <p>_____</p> <p>_____</p> <p><b>3. Gender</b> Male <input type="checkbox"/> Female <input type="checkbox"/></p> <p><b>4. Are you traveling alone?</b> Yes No</p> <p><b>5. What is your age?</b> <input type="text"/> <input type="text"/></p> <p><b>6. If traveling with others, please check age/sex</b></p> <table style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: center;">Male</th> <th style="text-align: center;">Female</th> </tr> </thead> <tbody> <tr> <td>Under 2 years</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Between 2 and 17</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Between 18 and 30</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Between 31 and 44</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Over 45</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> </tbody> </table> <p><b>7...If traveling with your family, what is your relationship?</b></p> <p>(Father, Mother, Sister, Brother, Daughter, son, Other relative)</p> <p>_____</p> <p><b>8. What motivated your trip to the Amazon?</b> (You may mark more than one option)</p> <p><input type="checkbox"/> Internet</p> <p><input type="checkbox"/> Tour operator leaflet</p> <p><input type="checkbox"/> Advertising in tourist's fair</p> <p><input type="checkbox"/> Travel agent advice</p> <p><input type="checkbox"/> TV, radio, Press information</p> <p><input type="checkbox"/> Had you already been to the Amazon?</p> <p><input type="checkbox"/> Are you passing through to another destination?</p> <p><input type="checkbox"/> Other? _____</p> <p><b>9. How do you rate the treatment given to you by the airport and police authorities?</b></p> <p>Excellent <input type="checkbox"/> Good <input type="checkbox"/> Regular <input type="checkbox"/> Bad <input type="checkbox"/></p> <p><b>10. Which tourist attractions did you enjoy the most?</b></p> <p>_____</p> <p>_____</p> <p>_____</p>		Male	Female	Under 2 years	_____	_____	Between 2 and 17	_____	_____	Between 18 and 30	_____	_____	Between 31 and 44	_____	_____	Over 45	_____	_____	<p><b>11. Where did you come from and thru which port?</b></p> <p><input type="checkbox"/> Bogota, Leticia's airport</p> <p><input type="checkbox"/> Manaus, Tabatinga's airport</p> <p><input type="checkbox"/> Manaus, Puertobras (In Tabatinga)</p> <p><input type="checkbox"/> Iquitos, Santa Rosa's port</p> <p><input type="checkbox"/> Other _____</p> <p><b>12. How many days did you stay in this area?</b></p> <p>_____ days</p> <p><b>13. What is the main purpose of your trip?</b></p> <p><input type="checkbox"/> Leg of South American trip</p> <p><input type="checkbox"/> Few days off work</p> <p><input type="checkbox"/> Business trip</p> <p><input type="checkbox"/> Attending meeting</p> <p><input type="checkbox"/> Honeymoon</p> <p><input type="checkbox"/> Family visit</p> <p><input type="checkbox"/> Shopping</p> <p><input type="checkbox"/> Studies and/or research</p> <p><input type="checkbox"/> Other _____</p> <p><b>14. How did you plan your trip?</b></p> <p><input type="checkbox"/> Travel agency and / or tour operator in my home country</p> <p><input type="checkbox"/> Local tour operator</p> <p><input type="checkbox"/> Transport with airline or travel agent and lodging and tours with local operators</p> <p><input type="checkbox"/> Transport with airline or travel agent and lodging and tours with native community or eco-reserve</p> <p><input type="checkbox"/> Transport with agency. I didn't need lodging and made tours on my own</p> <p><input type="checkbox"/> I had every thing done for me</p> <p><input type="checkbox"/> I handled every thing on my own upon my arrival</p> <p><input type="checkbox"/> Other _____</p> <p><b>15. How many days did you stay in the following places?</b></p> <p>_____ Top hotel (4, 5 stars)</p> <p>_____ Medium class hotel (2, 3 stars)</p> <p>_____ Back packers lodge or hostel</p> <p>_____ Private home</p> <p>_____ Natural Reserve Park</p> <p>_____ Private Reserve or farm</p> <p>_____ Native community</p> <p>_____ Other _____</p> <p><b>16. Where did you stay the longest?</b></p> <p>Location _____</p> <p>Lodging _____</p>
	Male	Female																	
Under 2 years	_____	_____																	
Between 2 and 17	_____	_____																	
Between 18 and 30	_____	_____																	
Between 31 and 44	_____	_____																	
Over 45	_____	_____																	



**17. Why did you choose the Amazon region for your trip?**  
Please check 3 of the following in order of preference.  
(1 indicates the strongest reason)

- ☐ Native communities and / or cultural attractions  
☐ Exotic destination  
☐ The Amazon River  
☐ Wild life (dolphins, birds, insects, mammals, etc.)  
☐ The triple border region appeal  
☐ The Amazon jungle  
☐ Tranquility  
☐ Other \_\_\_\_\_

**18. From the following activities which ones did you carry out?**

- ☐ Traditional activities in the native communities  
☐ Lodging and eating in Puerto Nariño (1 or more days)  
☐ Renting bikes or motor bikes  
☐ Jungle trekking hours; days  Hours  Days  
☐ Canoeing, kayaking and / or canopy climbing  
☐ Buying handicrafts in native communities  
☐ Shopping in Leticia/Tabatinga (even handicrafts)  
☐ Monkey Island  
☐ Specialized observation of flora and fauna  
☐ Nightlife in Tabatinga / Leticia Santa Rosa  
☐ Dining out in Tabatinga / Leticia / Santa Rosa  
☐ Personal services / laundry, telephone  
☐ Visit to Caballo Cocha (Peru), Benjamin (Brazil)  
☐ Visit to native communities on the Amazon River  
☐ Visit to natural reserves in any of the three countries  
☐ Short visit to Amacayacu Park  
☐ Quick visit to Puerto Nariño and / or its native communities  
☐ Visit and lodging in Amacayacu Park  
☐ Museum visit (s) (Leticia, Benjamin, Puerto Nariño)

**19. How much did you pay back home for your trip? (You or and your group)**

Total amount \_\_\_\_\_ Currency \_\_\_\_\_

**20. The amount paid back home included**

- ☐ The whole tour package  
☐ Only transport  
☐ Transport and lodgings  
☐ Transport, lodgings and breakfast  
☐ Transport, lodgings and meals  
☐ Lodging and breakfast  
☐ Lodging and meals  
☐ Other: describe \_\_\_\_\_

**21. How much money did you spend on your trip? (Approximately)**

Total amount \_\_\_\_\_ Currency \_\_\_\_\_

**22. How do you consider the expenses for your Amazonian travel in this area?**

- ☐ Expensive ☐ Fair ☐ Budget

**23. What were the average daily expenses in this area, per person?**

	Less than US\$25	Between US\$25 and US\$50	Between US\$50 and US\$100	Between US\$100 and US\$150	More than US\$150
Lodging					
Meals and drinks					
Local transport					

**24. What were the average expenses per person in this area?**

	Less than US\$25	Between US\$25 and US\$50	Between US\$50 and US\$100	Between US\$100 and US\$150	More than US\$150
Buying souvenirs					
Recreational activities					

Any further comments \_\_\_\_\_

**25. Which of the following mode of transport did you use to get around?**

- ☐ Boat with a group of persons (in a tour)  
☐ Line Speed boat  
☐ Rent a boat  
☐ Rent a shuttle bus  
☐ Motorbike taxi or micro bus

**26. What do you think of the Amazon as a tourist destination?**

- ☐ Very good  
☐ Good  
☐ Average  
☐ Bad  
☐ Very bad  
 Why? (Explain) \_\_\_\_\_

**27. Would you return to this area for vacations?**

- ☐ Yes ☐ No Why \_\_\_\_\_

**28. Do you know any other tourist destinations in the Amazon?**

- Yes ☐ No ☐

**29. Would you recommend a trip to Leticia (or border area) to other people?**

- ☐ Yes ☐ No Why? \_\_\_\_\_

**30. Your stay in Leticia is a part of the journey throughout...**

- The Amazon ☐ Yes ☐ No  
 South America ☐ Yes ☐ No

**31. Please, rate your level of satisfaction on the following aspects?**

	High	Medium	Low
Native communities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exotic destination	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Amazon River	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Wild life	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tourist amenities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Three Borders location	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Amazon Jungle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tranquility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**32. Do you have any suggestion to improve services in Leticia airport?**

**33. Any suggestions or comments regarding this survey?**

Thank you for completing our survey. We wish you a happy journey! If you want to get further information on this project or the institutions sponsoring it, you may get in contact with: glochoaz@unal.edu.co - www.imani.unal.edu.co

GERMÁN IGNACIO OCHOA ZULUAGA (1971) has been living in the Amazon rainforest for the last fifteen years. He was born in the Andean coffee region of Colombia where he studied Farm Business Management. Since 1996 he has been involved in research and teaching at the Universidad Nacional de Colombia (National University of Colombia - UNAL). He holds a Master degree in Environment and Development from the Instituto de Estudios Ambientales (Institute of Environmental Studies) at UNAL Manizales Campus (2001). He conducted this doctoral research on Development Studies at the Development Research Institute (IVO), Tilburg University. A social scientist, Germán is interested in the understanding the relationships between society and nature from different perspectives.

This thesis addresses the prospects of indigenous populations of the Amazon in global tourism. The participation of these populations occurs in the context of highly imperfect markets, contradictory interests about the region among Amazonian countries, and the need of the tourism industry to incorporate new destinations from peripheral and exotic areas. To assess the structure and dynamics of tourism in peripheral regions, three methodological adjustments to the value chain approach are presented. The main theoretical foundation of this study includes the global value chains; methodological tools from community based tourism, pro-poor tourism were also used for analytical purposes. The analysis of the mobile consumer, the complexity of the final experience composed by activities in ecosystems and cultural experiences, and the high cultural heterogeneity of agents participating in the tourism encounter are all aspects determining the complexity of the tourist chain. The cultural attributes of local communities and the final experience led to the suggestion of a new type of coordination, diversified coordination. The internal organization of the settlements determined their participation in tourism as well as the distribution of the direct benefits from the activity. The looking for a diversified coordination among local and external agents and the implementation of innovations in the experiences are two ways for improving the wellbeing of local populations in global tourism.